



**BAYELSA STATE DEBT SUSTAINABILITY ANALYSIS-
DEBT MANAGEMENT STRATEGY
(DSA-DMS) REPORT
2024**

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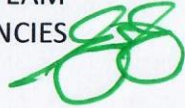
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CHAPTER ONE:

1.1 BACKGROUND

The DSA analyses trends and patterns in the State's public finances during the period 2019-2023 and evaluates the debt sustainability in 2024 – 2033. The analysis highlights recent trends in revenue, expenditure, and public debt, and the related policies adopted by the State. A debt sustainability assessment is conducted, including scenario and sensitivity analysis, to evaluate the prospective performance of the State's public finances.

The main objective of the Debt management strategy (DMS) is to ensure that the government's financing needs, and payment obligations are met at the lowest possible cost, consistent with a prudent degree of risk. Consequently, for the four DMS, the analysis calculates cost of carrying public debt, and measures risk associated with macroeconomic and fiscal shocks.

The framework consists of two complementary components: the analysis of the sustainability of total public debt and that of total external debt. Each component includes a baseline scenario based on a set of macroeconomic projections that articulate the government's intended policies, with the main assumptions and parameters clearly laid out, and a series of sensitivity tests applied to the baseline scenario, providing a probabilistic upper bound for the debt dynamics under various assumptions regarding policy variables, macroeconomic developments, and financing costs. The paths of debt indicators under the baseline scenario and the stress tests allow to access the vulnerability of the State to payment crisis.

1.2 SUMMARY OF FINDINGS/ OVERALL RESULTS

The State exhibits a solid debt position that appears sustainable in the long term. A solid debt position that results from the State's strong performance in terms of mobilizing IGR underpinned by successful tax administration and civil service reforms introduced in the last few years, and its control of recurrent expenditure growth. Given the State's own forecast for the economy and reasonable assumptions concerning the State's revenue and expenditure policies going forward, the long-term outlook of the public debt appears sustainable.

The State pursues a prudent debt management strategy that maintains an adequate cost of carrying debt and an admissible exposure to risks. A prudent debt management strategy emerges from the State's reliance on a mix of sources of finance, including external concessional/bilateral loans and domestic low-cost financing. Given the State's own forecasts for the economy and reasonable assumptions concerning the State's budget and financing policies going forward, the medium-term cost-risk profile for the public debt portfolio appears consistent with the State's debt- management objectives.

CHAPTER TWO:

BAYELSA STATE FISCAL AND DEBT FRAMEWORK:

2.1 FISCAL REFORMS IN THE LAST 3 TO 5 YEARS

Although both the Federal and State governments are gradually recovering from the effect of the decline in revenue due to COVID 19 pandemic, the need for State and Local Governments to generate adequate revenue from internal and other sources to cushion the effect of such unexpected natural disaster in the future cannot be over emphasized. To this end, Bayelsa State Government has embarked on several Fiscal reforms in the last 3 – 5 years for economic development. Some of the reforms include Civil service reform, Pension and Tax reforms, Bayelsa State Health Insurance Scheme (BHIS), Single Treasury Account (TSA) and internal revenue reforms. No doubt, these has led to a considerable increase in IGR and a steady personnel and overhead costs in the last 3 years. The State has also established policies and frame works such as Arrears Clearance Framework, Medium Term Expenditure Framework, and implementation of the National Minimum wage which have an overall effect on the State's fiscal variables.

2.2 2025 – 2027 MEDIUM TERM EXPENDITURE FRAMEWORK(MTEF), 2024 APPROPRIATION ACT (BUDGET)

Bayelsa state 2025 – 2027 macroeconomic framework and assumptions were premised on prevailing economic realities and according to crude oil benchmark assumptions (price, production, inflation and exchange rate) are based on both international and national forecast data. This include International Monetary Fund (IMF) and World Economic Outlook (WEO) updates.

OUTLOOK FOR 2025 - 2027

Bayelsa State Government took into account the latest macro-fiscal developments when formulating her 2025-2027 MTEF. The Federal Government of Nigeria (FGN) is yet to release its own MTEF-FSP document for 2025-2027. However, NGF provided some recommendations on what assumptions to make on some of the key variables. These are based on forecasts from various international bodies (including the IMF and the US Energy Information Administration (EIA) as well as a balanced view based on the latest trends as covered above.

Table 1 below provides some suggestions for macroeconomics, mineral sector, and other key assumptions that underpin FAAC revenue projections.

Table 1 Potential Macro-Mineral Sector Assumptions for 2024-2027

Macro-Mineral Item	2024	2025	2026	2027	Basis
National Real GDP Growth	3.10%	3.00%	3.10%	3.20%	Based on IMF WEO Forecasts
National Inflation	31.30%	27.00%	21.00%	19.00%	Based on IMF WEO Forecasts plus 5% in 2024 and 2025
Crude Oil Price Actual	\$86	\$88	\$88	\$88	EIA Forecast for 2024 and 2025, steady into 2026 and 2027
Crude Oil Price Benchmark	\$78	\$75	\$75	\$75	15% below actual Crude Oil Price
Crude Oil Production (MBPD)	1.5	1.65	1.7	1.8	Moderate increase over the period the MTEF (includes lease condensate)
NGN:USD Exchange Rate	1500	1200	1200	1200	Current FX Rate for 2024, but with slight appreciation in 2025. This also reflects the possibility that the benchmark be used as a target for CBN. 2024 H1 average rate was N1,250.
Mineral Ratio	16.18%	18.00%	20.00%	22.00%	2024 is based on Jan-Jun actuals. Assumes some efficiency gains in 2025 onwards.
Other Deductions (Trillion Naira)	N5.5	N6.0	N6.0	N6.0	Estimates based on observed deductions in 2023 and to date in 2024.

There are several other factors to consider which will impact expenditures in 2025 and beyond:

- **Naira devaluations** impacting foreign debt service costs and the cost of imported goods and services.
- **Inflation** impacting overhead expenditure costs and capital expenditure costs – particularly for imported goods (for example medicines, vaccines, and other health sector supplies).
- **New National Minimum Wage** - implementation of the new national minimum wage of N70,000 per month would have a significant impact on the salary (and pension contribution) cost of Bayesa State Government.

Bayelsa State Medium Term Fiscal Framework		APPROPRIATION		
Item	2024	2025	2026	2027
Opening Balance (A)	13,625,000,000.00	14,200,000,000.00	8,000,000,000.00	8,000,000,000.00
Recurrent Revenue				
Statutory Allocation	57,000,000,000.00	17,000,000,000.00	17,000,000,000.00	17,000,000,000.00
Derivation	217,370,788,606.00	138,804,511,503.72	128,072,774,135.64	128,072,774,135.64
VAT	36,000,000,000.00	57,000,000,000.00	57,000,000,000.00	57,000,000,000.00
Other Non-Debt Creating Receipts	16,378,773,768.00	124,900,000,000.00	136,900,000,000.00	36,900,000,000.00
IGR	23,869,070,000.00	39,000,000,000.00	39,000,000,000.00	39,000,000,000.00
Other FAAC Revenue	48,500,000,000.00	209,135,837,412.58	202,135,837,412.57	202,135,837,412.57
Total Recurrent Revenue (B)	399,118,632,374.00	585,840,348,916.30	580,108,611,548.21	480,108,611,548.21

Recurrent Expenditure				
Personnel Costs	55,037,017,986.00	95,308,204,886.04	105,308,204,886.04	105,308,204,886.04
Overheads	94,210,539,070.00	79,650,869,203.67	107,104,650,000.01	107,104,650,000.01
Grants	16,514,000,000.00	16,147,130,796.33	22,134,261,592.65	22,134,261,592.65
Public Debt Service	43,245,160,000.00	52,944,847,915.95	52,944,847,915.95	52,944,847,915.95
Other Recurrent Expenditure	15,429,815,318.00	19,324,076,910.66	24,324,076,910.66	24,324,076,910.66
Total (D)	224,436,532,374.00	263,375,129,712.65	311,816,041,305.31	311,816,041,305.31
Transfer to Capital Account				

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Capital Receipts

Grants	16,700,000,000.00	39,400,000,000.00	16,700,000,000.00	17,700,000,000.00
Other Capital Receipts (Financing Loans)	60,000,000,000.00	50,000,000,000.00	50,000,000,000.00	50,000,000,000.00
Total C	76,700,000,000.00	89,400,000,000.00	66,700,000,000.00	67,700,000,000.00
Capital Expenditure	252,732,000,000.00	404,761,958,243.47	325,842,941,730.75	231,792,941,730.75
Planning and Reserve	12,275,100,000.00	21,303,260,960.18	17,149,628,512.15	12,199,628,512.15
TOTAL E	265,007,100,000.00	426,065,219,203.65	342,992,570,242.90	243,992,570,242.90
Total Revenue (Including Opening Balance) A+B+C	489,443,632,374.00	689,440,348,916.30	654,808,611,548.21	555,808,611,548.21
Total Expenditure (D+E)	489,443,632,374.00	689,440,348,916.30	654,808,611,548.21	555,808,611,548.21
Budget Balance (DSA-DMS Template)	15,000	1,000	(1,000)	1,000

ASSUMPTIONS OF THE 2025 – 2027 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

1. **Opening Balance** – Bayelsa State have opening balances, there were no corresponding closing balances for both 2024 budget estimates and for MTEF 2025 - 2027. This was due largely to operational cash management which is currently been addressed by the State.
2. **Statutory Allocation** – The state projections for 2024-2033 are based on the State Annual budget, State MTEF 2025 – 2027 and the Federal Government MTEF 2021-2023 projections (which are extrapolated using 2023 growth rate applied for 2028-2033. State share is calculated using the historical index of federation account revenue distribution.
3. **VAT** – The state projections are based on the State Annual estimates, State MTEF 2025 – 2027 and the Federal Government MTEF 2021-2023 projections (which are extrapolated using 2023 growth rate applied for 2028-2033). State share of VAT is calculated using historical (2020) state share of total derivation receipts (this is an approximation).

4. **Derivation-** Projections are based on State annual estimates, State MTEF 2025 - 2027 and State Projections 2028 - 2033. Derivation is expected to increase by 10% from 2028 to 2033. The assumption is based on removal of fuel subsidy which has led to an increase in States FAAC allocations.
5. **Other Federation Account Distributions** – Projections are based on State annual estimates, State MTEF 2025 - 2027 and State Projections 2028 - 2033. Other FAAC transfers are estimated to increase by 0.5% from 2028 to 2033. The assumption is based on removal of fuel subsidy which has led to an increase in States FAAC allocations.
6. **Internally Generated Revenue (IGR)** – IGR projection is based on the State Annual estimate, State MTEF 2025 - 2027 and State DMD projections. IGR is expected to increase by 5 billion from 2028 - 2033. The assumption is due to recent government policy on automated IGR collection system and blocking of tax leakages by the State government.
7. **Grants** – Projections are based on the State Annual estimates, State MTEF 2025 - 2027 and State DMD projections. Grants are projected to increase by 2 billion from 2028 to 2033. (External grants are based on signed grant agreements with the State development partners)
8. **Financing** – Bayelsa State intends to secure internal loan/borrowing in 2024. All other internal and external loans are projections based on signed agreements between the State government and commercial banks. The State is already in negotiation with these commercial banks for the State loan.
9. **Personnel** – Personnel Cost was forecasted using own percentage. The on-going staff verification is to check abnormalities in the pay roll. The State is determined to sustain the trend in checking payroll frauds and reduce outrageous increase in personnel cost. It is anticipated that the number of political office holders will also increase as well as the implementation of annual promotions/increments of the recent employees and old civil servants. The projected increase is attributed to the anticipated increase in the new National minimum wage of N70,000 in Nigeria.
10. **Overheads** – Projections are based on State Annual estimates, State MTEF 2025 - 2027 and State DMD projections 2028 - 2033. Overhead cost is projected to increase by 15% from 2028 to 2033 (Government policy on controlled expenditure) The projected increase in overhead is as a result of anticipated increase in development activities, maintenance costs, inflation and exchange rate differentials.
11. **Social Contribution and Social Benefits** – This was forecasted using own percentage. A substantial amount is being owed as pension and gratuity payments. It is appropriate to make adequate provision for these items and other social commitments. Hence, the own value, representing computation for outstanding commitments as well as estimation for next medium term.
12. **Grants, Contributions, Subsidies, and transfers** – The projection for grants, contributions, subsidies, and transfer was based on State own percentage. This is based on the anticipated changes due largely to the political will of the State government to support agencies in the State to be more productive. Grants are estimated to increase by 2 billion from 2028 – 2033.

13. **Public Debt Charge** – Public Debt Charge was forecasted using own value. This is based on the projected principal and interest repayments for old loans and expected new loans from 2024, 2025, 2026 and 2027 respectively.
14. **Capital Expenditure** – Projections are based on the State Annual estimates, State MTEF 2025 - 2027 and State DMD projections. Capital expenditure is projected to increase by 15% from 2028 to 2033. The assumption is due to expected increase in FAAC allocations due to subsidy removal by Federal government and increase the State IGR due to State government policies which will in turn be used for capital projects for economic development.
15. **Exchange Rate** -The State 2024 DSA-MTDS report is based on the exchange rate provided by federal DMO/World Bank which is yet to be reviewed alongside other macroeconomic indicators to reflect current economic realities.

2.2.1 APPROVED 2024 BUDGET

The 2024 Budget was prepared amidst a challenging global and domestic environment. The on-going Russia – Ukraine, Israeli – Palestine conflict, and the fuel subsidy removal which has led to slow growth rate, untold economic hardship, volatility in global monetary policy and capital flows, low oil prices and heightened global economic uncertainty have had important implications for Bayelsa State. Bayelsa State total revenue available to fund the 2024 Budget is estimated at N489.4 billion. This includes Internally Generated Revenue, Statutory Allocation, Value Added Tax, Other Statutory Revenue, Domestic Grants, Foreign Grants, Opening Balance, Domestic and Foreign Loans respectively.

An aggregate expenditure of N489.4 billion is proposed by the Bayelsa State Government in 2024. The 2024 proposed Expenditure comprises, Recurrent Expenditure of N224.4 billion, and Capital Expenditure of N265 billion, respectively.

2.2.2 INDICATIVE THREE-YEAR FISCAL FRAMEWORK

The indicative three-year fiscal framework for the period 2025-2027 as presented in the table above shows that total revenue will reduce from N689.4 billion in 2025 to N555.8 billion in 2027 inclusive of loans of N50 billion, N50 billion and N50 billion to finance the deficits in years 2025, 2026 and 2027 respectively.

The state plans to fund the deficit through borrowing from both external (Bilateral/Concessional) and domestic loans at prevailing market rates with considerable risks.

KEY OBJECTIVES OF THE 2024 (APPROPRIATION) BUDGET

The key targets for Bayelsa State Government from a fiscal perspective are:

- . Agricultural Revolution & Blue Economy,
 - . Sports and Youths Development
 - . Security & Peace
 - . Urban Renewal & Rural Development
- 

- . Robust Health Care Delivery
- . Energy Generation and Economic Growth and,
- . Diversifying Education towards Innovation and Technology with guaranteed quality delivery.

2.2.3 MEDIUM TERM POLICY OBJECTIVES AND TARGETS

1. Sustain economic growth, ensure fiscal inclusion of all Bayelsans, support employment and wealth creation through an entrepreneurship friendly environment.
2. Pursue fiscal policies that will promote the emergence of viable small and medium scale enterprises (SMSEs) in the State.
3. Promote diversification and ensure the creation of alternate sources of revenue in the State.
4. A mechanized local agriculture for agribusiness to thrive.
5. A tourism development plan to utilize the tourism potentials of Bayelsa and make it a world destination
6. Micro and macro internal business initiatives for Bayelsans to create more jobs
7. A mechanized local agricultural system for Argo business to thrive

POLICY STATEMENT

The State's Fiscal policy is envisaged to control and enforce compliance with established spending limits to achieve a sound budgeting system which includes aggregate fiscal discipline, allocative efficiency and effective spending that will propel the State economy to be among the top five (5) most developed States in the country by 2030.

CHAPTER 3:

THE STATE REVENUE, EXPENDITURE, FISCAL AND DEBT PERFORMANCE (2019 -2023)

3.1 REVENUE

I. AGGREGATE STATE TOTAL REVENUE:

The State's aggregate revenue from 2019 – 2023 is determined Mainly by Gross FAAC allocations, IGR and Grants with FAAC allocations contributing the highest Percentage over the years as follows.

	2019	2020	2021	2022	2023
Total Revenue	176,143	149,395	180,278	353,608	406,762
Gross FAAC Allocation	161,335	134,049	159,502	327,464	374,894
IGR	14,808	12,496	18,595	18,392	27,197
Grants	0	2,850	2,182	7,752	4,670

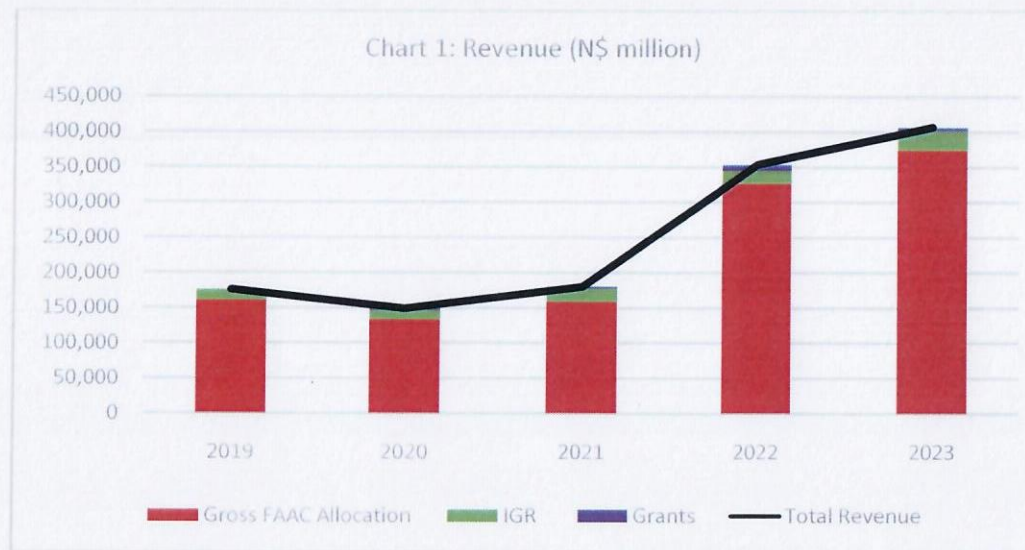
Aggregate State revenue decreased from N176.1 billion in 2019 to N149.4 billion in 2020 owing to a sharp decline in federal transfers as a result of the Global pandemic (COVID 19) which led to a fall in oil price. But However, increased to N180.3 billion, N353.6 billion, and N406.8 billion in 2021, 2022 and 2023 respectively due to a gradual recovery in global economic activities.

ii. FAAC ALLOCATION TREND IN THE LAST FIVE YEARS:

Bayelsa State's Revenue stood at N406.8 billion in 2023 compared to N353.6 billion in the period of 2022, which represent an increase of N53.2 billion or 15.1%. The Gross FAAC allocation that comprises the Statutory allocation, derivations, VAT allocation, exchange rate gain, augmentation among others increased from N159.5 billion in 2021 to N327.5 billion in 2022, which represent an increase of N168 billion or 105.3%, the increase was due to fuel subsidy removal and the gradual recovery of economic activities from the global CoronaVirus Pandemic in years 2019 and 2020 respectively. The FAAC allocation further increased to N374.9 billion in 2023 showing that the economy is fast recovering from the effects of the global pandemic in 2019.

iii. IGR TREND IN THE LAST FIVE YEARS:

The State exhibited unstable but considerable IGR growth during the review period. IGR growth has been unstable, for example, IGR declined from 14.8 billion in 2019 to 12.5 billion in 2020 because of the global pandemic (COVID-19). However, IGR increased from N18.6 billion in 2021 to N27.2 billion in 2023 representing an increase of N8.6 billion or 46.2%. The slight improvement in IGR is mainly because of tax administration reforms aimed at improving collection rates and broadening the tax revenue base by the State government.



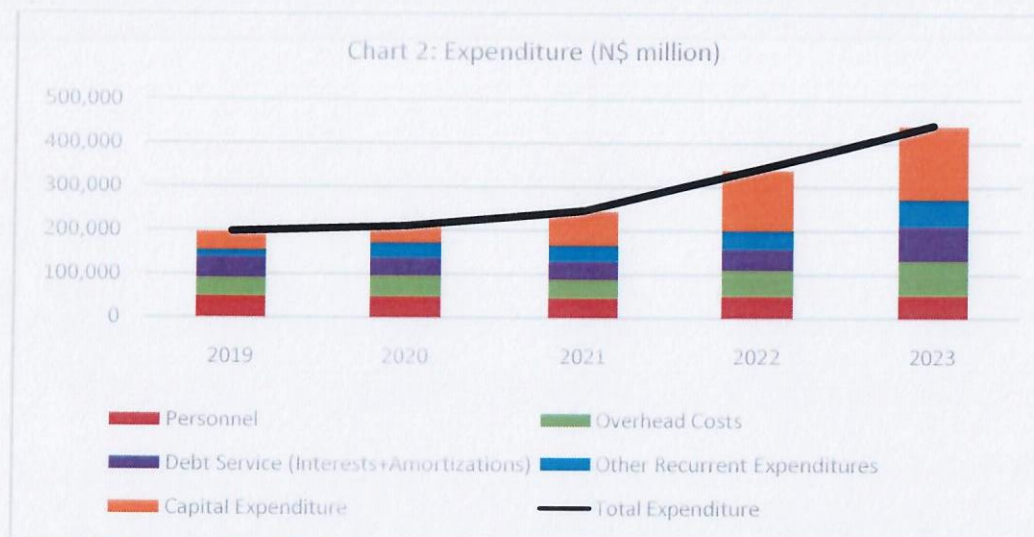
Source: State's Financial Statements

iv. EXPENDITURE PERFORMANCE:

YEAR	2019	2020	2021	2022	2023
Total Expenditure	197,191	209,476	244,886	340,156	441,641
Personnel	49,823	49,028	46,233	51,330	53,453
Overhead Costs	42,543	48,770	42,539	59,880	80,112
Debt Service (Interests+Amortizations)	47,671	39,996	41,862	47,813	78,660
Other Recurrent Expenditures	14,994	33,586	34,817	41,219	60,202
Capital Expenditure	42,159	38,096	79,434	139,914	169,214

The State's Total Expenditure includes Capital expenditure, Personnel costs, Overhead costs, other recurrent expenditure, and Debt service (interest payment and principal repayment). In 2023 Bayelsa State total expenditure amounted to N441.6 billion compared to N340.2 billion as at end 31st December 2022, which represent a growth of N101.4 billion or 29.8%. The personnel cost stood at N49.8 billion in 2019, N49 billion in 2020, N46.2 billion in 2021, N51.3 billion in 2022, and N53.5 billion in 2023 respectively. The overhead cost stood at N80.1 billion in 2023 compared to N59.9 billion in 2022 which represents a growth of N20.2 billion or 33.7%. Capital expenditure amounted to N169.2 billion in 2023, N139.9 billion in 2022, N79.4 billion in 2021, N38.1 billion in 2020, and N42.2 billion in 2019 respectively. The Total debt service which comprises of interest payment and principal repayment stood at

N78.7 billion as at End-December 2023 compared to N47.7 billion as at End-December 2019. The increase is because of the payment of pension/ gratuities and contingent liabilities (Contractors) for capital projects in 2023.



Source: State's Financial Statements

v. BUDGET BALANCE IN THE LAST FIVE YEARS:

YEAR	2019	2020	2021	2022	2023
Budget Balance ('+' means surplus, '-' means deficit)	(4,401.80)	(18,233.70)	(17,882.20)	28,217.30	25,620.30
Opening Cash and Bank Balance	(27,381.30)	(31,783.10)	(50,016.80)	(67,899.00)	(39,681.70)
Closing Cash and Bank Balance	(31,783.10)	(50,016.80)	(67,899.00)	(39,681.70)	(14,061.40)

Bayelsa State had deficit budget balances of N4.4billion, N18.2billion, and N17.9billion in years 2019, 2020 and 2021 respectively. However, in 2022 and 2023, the State had surplus budget balances of N28.2 billion and N25.6 billion respectively due to gradual recovery of the economy from the effects of the Covid - 19 pandemic and improvement in FAAC revenues to States as a result of fuel subsidy removal by Federal Government.

The State's budget balances have been unsteady in the last 5 years due to unpredictable global economic crisis such as the Russia – Ukraine war, Israeli – Palestinian war, fall in crude oil prices, inflation and exchange rate differentials.

VI. BUDGET BALANCE 2024 – 2027:

YEAR	2024	2025	2026	2027
Budget Balance (' + ' means surplus, ' - ' means deficit)	15,061	1,000	(1,000)	1,000
Opening Cash and Bank Balance	(14,061)	1,000	2,000	1,000
Closing Cash and Bank Balance	1,000	2,000	1,000	2,000

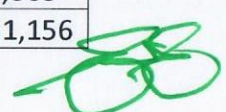
Bayelsa State has opening budget balances in both the 2024 yearly estimate and the State MTEF 2025 – 2027 documents but no corresponding closing budget balances which does not reflect the true budget position of the State. However, the World Bank / DMO tool kit used for the 2024 DSA-DMS analysis and report writing is more realistic and reliable because it considers micro economic variables like GDP, inflation, interest rate, and exchange rates and automatically generates both the budget balances and expected new loans from 2024 – 2027 and to the end of the projection period of 2033.

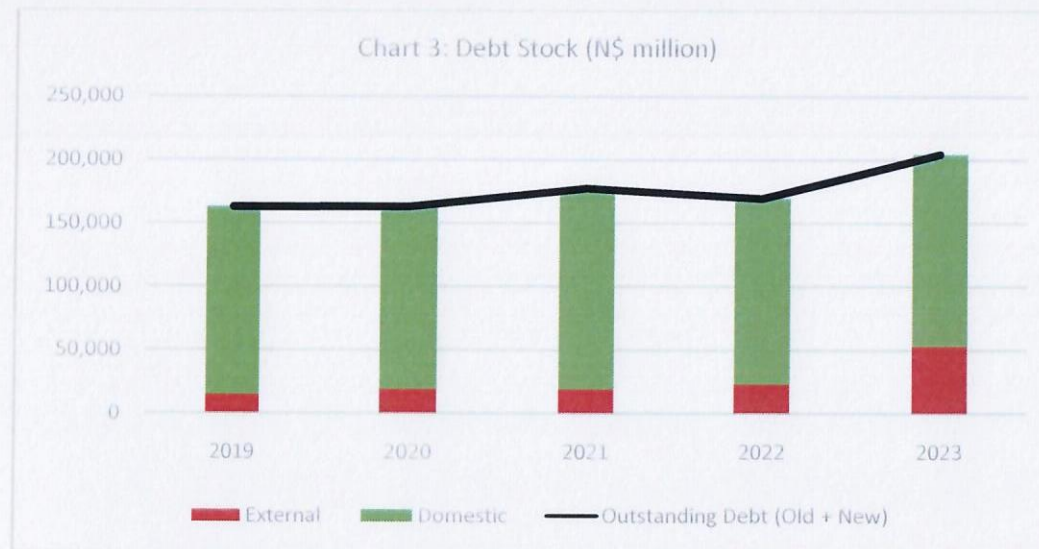
The analysis shows that Bayelsa State has surplus budget balances of N15.1 billion, N1 billion, and N1 billion in year 2024, 2025 and 2027 respectively and a deficit budget balance of N1 billion in year 2026 which reflects prudent financial management due to improvement in economic activities after the COVID – 19 pandemics.

3.2 STATE DEBT PORTFOLIO, 2019 - 2023

Bayelsa State's Debt stock amounted to N204.5 billion as at End-December 2023 compared to N169.7 billion as at End-December 2022, representing an increase of N34.8 billion or 20.5%. The increase in the Total Debt stock was reflected in both the domestic and external debt components. The external component increased from N23.3 billion in 2022 to N53.4 billion in 2023 representing an increase of N30.1 billion or 129.2%. The domestic debt stock increased from N146.4 billion in 2022 to N151.2 billion in 2023 representing an increase of N4.8 billion or 3.3%. The increase in both external and domestic debt component is due to additional external (Multilateral) and commercial loans contracted during the period under review.

YEAR	2019	2020	2021	2022	2023
Outstanding Debt (Old + New)	162,994	163,362	177,731	169,648	204,519
External	15,065	19,234	19,095	23,276	53,363
Domestic	147,930	144,129	158,636	146,371	151,156





Source: State's Debt Management Department

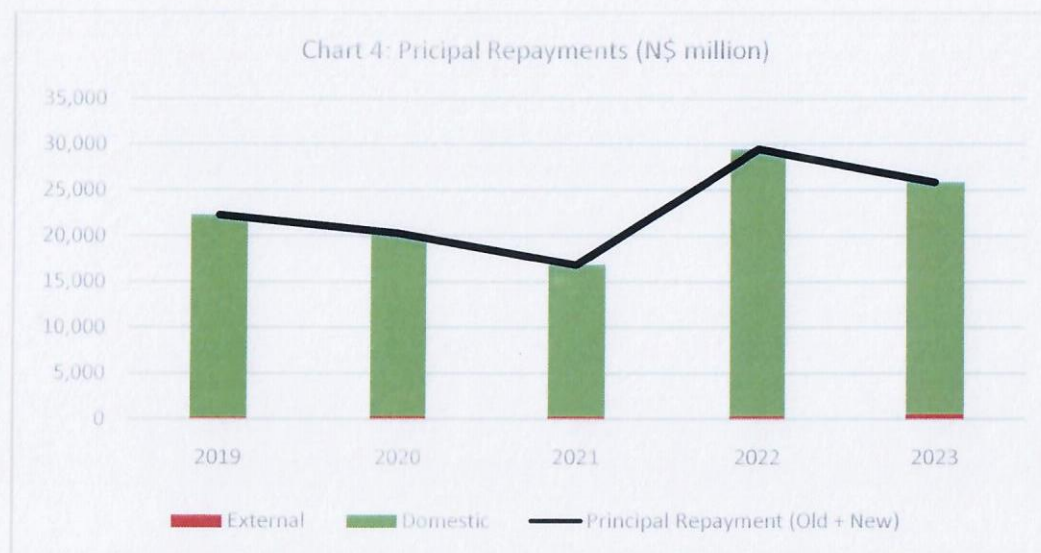
Chart 3: shows a sharp increase in the Debt Stock from N163 billion in 2019 to N204.5 billion in 2023, due largely to receipt of new loans like the Commercial Agriculture Credit Scheme (CACs), Commercial Accelerated Agric Development Scheme (CAADS), CBN Health intervention funds and FGN Bridge Finance Facility from Federal Government.

Bayelsa State Debt Portfolio as at End- December 2023 consists of external debt N53.4 billion or 26% and Domestic debt amounted to N151.2 billion or 74%, respectively.

The debt portfolio has an average domestic interest rate of 31.25% and average external interest rate of 5% in 2023. The State debt portfolio is moderately exposed to currency, rollover, and interest rate risks. Exposures to currency fluctuations is limited because the foreign currency denominated loans are only 26% of total debt stock in 2023. Most of the loans in Bayelsa State are fixed-rate obligations, thus not affected by changes in interest rates.

Bayelsa State Debt Service amounted to N22.3 billion, N20.3 billion, N16.8 billion, N29.5 billion and N25.9 billion for 2019, 2020, 2021, 2022 and 2023 respectively. The principal repayment stood at N22.3 billion in 2019 compared to N25.9 billion in 2023 representing an increase of N3.6 billion or 16.1%.

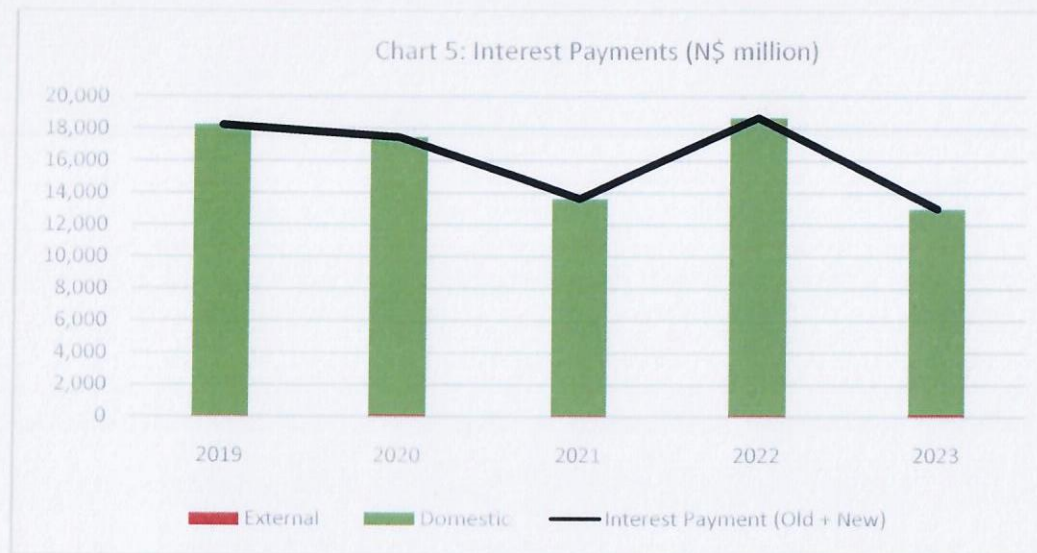
YEAR	2019	2020	2021	2022	2023
Principal Repayment (Old + New)	22,287	20,248	16,819	29,467	25,868
External	253	336	307	391	569
Domestic	22,034	19,912	16,512	29,075	25,299



Source: State's Financial Statements

While the Interest Payment amounted to N13 billion in 2023 compared to N18.7 billion in 2022 representing a decrease of N5.7 billion or 43.9%. The decrease in interest payment was due to the repayment suspension of some facilities like budget support facility, excess crude facility, salary bailout and federal government bonds for some months by federal government. The principal repayments and Interest Payments made were both on External and Domestic debts (see chart 4 and 5).

YEAR	2019	2020	2021	2022	2023
Interest Payment (Old + New)	18,256	17,477	13,635	18,716	13,012
External	101	153	123	130	190
Domestic	18,155	17,324	13,512	18,586	12,822



Source: State's Debt Management Department

CHAPTER 4:

CONCEPT OF DEBT SUSTAINABILITY, UNDERLYING ASSUMPTIONS, RESULT ANALYSIS AND FINDINGS

4.0 INTRODUCTION: - CONCEPT OF DEBT SUSTAINABILITY ANALYSIS

"The concept of debt sustainability refers to the ability of the government to honor its future financial Obligations. Since policies and institutions governing spending and taxation largely determine such Obligations, debt sustainability ultimately refers to the ability of the government to maintain sound Fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of publicDebt, which could eventually cause the government to take action to address unwantedConsequences of a heavy debt burden". Government therefore should endeavor to strike a balance between revenue and expenditure, so that any debt incurred will not impact negatively on the State, leading to serious financial crisis.

BAYELSA STATE DEBT SUSTAINABILITY ANALYSIS

The indicative threshold for Debt/GDP is 25% but the State maintains a sustainable 4% Debt/GDP ratio in 2023. The indicative threshold for debt as a percentage of revenue is 200% while the state maintained 50% in 2023 which is sustainable. Also in 2023, the State maintained a 10% debt service /Revenue ratio which is sustainable considering the indicative threshold of 40%. The State also maintained a 13% ratio of personnel cost/Revenue in 2023 which is sustainable going by the 60% indicative threshold. Finally, Debt service as a percentage of Gross FAAC Allocation, Interest payment as a percentage of Revenue, and External debt service as a percentage of Revenue is 10%, 3%, and 0% respectively in 2023 which are all within the threshold insinuating room for additional further borrowing for development with considerable risk and cost. Based on this, the State's GDP have potentials for growth and can also accommodate the State's debt stock with minimal effect on the State economy. Debt as a percentage of revenue, Debt Service as a percentage of Revenue and Personnel Costs are all below the threshold to the end of projection period. The Government should establish policies and reforms in its revenue drive to boost the State IGR which is considerably low. Debt Service as a percentage of Gross FAAC Allocation (without any indicative threshold) estimated to increase from 10% in 2023 to 33% in 2028 and reduce to 26%, 20% in 2031 and 2033 respectively. Interest Payment as a percentage of Revenue revealed that, the maximum exposure of the State Interest towards Revenue is 23% in year 2027, and 21% in 2028 with over-all positive outlook. Looking at the External Debt Service as a percentage of Revenue, the maximum exposure of the State is 5% in year 2029 and 2030 respectively.

BAYELSA STATE DEBT BURDEN INDICATORS AS AT END-2023

INDICATORS	THRESHOLD	RATIO
Debt as % of GDP	25%	4
Debt as % of Revenue	200%	50
Debt Service as % of Revenue	40%	10
Personnel Cost as % of Revenue	60%	13
Debt Service as % of FAAC	Nil	10
Interest as % of Revenue	Nil	3
External Debt service as % of Revenue	Nil	0

4.1 MEDIUM TERM BUDGET FORECAST

The State debt sustainability analysis is predicated on the continuation of recent efforts to grow the IGR of the State annually in the medium term. The economy is expected to gradually recover in the period 2025 – 2027, with real GDP expansion from 3.1% in 2024 to 3.2% in 2027, while domestic inflation is expected to decrease below 20% by 2027. The recovery will be supported by

economic growth through diversification, subsidy removal, implementation of the new minimum wage and increase in the share of VAT following the new National VAT rate of 7.5%. The Tax Administration reforms adopted by the State Government will also strengthen resources provided by IGR, as well as numerous industries that are being attracted to the State through industrialization drive which are expected to continue in the next few years. This will no doubt benefit the State economy immensely.

The State Government has put in place various Tax Administration reforms to strengthen its IGR to sustain its debt, these include the enactment of a new Revenue Administration Law and Automated tax collection system. With these new reforms adopted by the State Government, the IGR of the State is expected to grow in the next few years, and this will benefit the state towards overall economic recovery. On the other hand, the Civil Service Reform Policies being implemented with regards to salaries and overhead cost, personnel costs are likely to be more stable than their historical trends.

4.2 BORROWING ASSUMPTIONS / OPTIONS

The State intends to cover its gross financing needs from two categories of commercial bank loans i.e., (1-5 years' tenor and above 6-years tenor with no moratorium period) and through Bonds ranging from 1 – 5year tenor and above 6-year tenor with moratorium period. The State also intends to borrow from external sources (Bilateral and Concessional) within the forecast period.

Borrowing terms for new financing contracted from 2024 onwards:

Description	Maturity	interest rate	Grace period
Commercial bank loan	1-5 years	35%	0
Commercial bank loan	6 years and above	35%	1
Bonds	1-5 years	27.5%	0
Bonds	6 years and above	27.5%	0
Bilateral loans (External)	1-45 years	5%	3
Concessional loans (External)	1-45 years	5%	3

The macroeconomic assumptions of the borrowing needs between 2024 – 2033 are: a gradual recovery of the global economy between 2025-2027, Reduction of inflation rate in 2025 - 2027, increase in oil prices, Stabilization of exchange rate, and increase in VAT and FAAC allocation by 2025.

The State intends to secure internal loan/borrowing in 2024. All other internal and external loans are projections based on already signed agreements. The projections made in the EFU-FSP-BPR for deficit financing is based on agreements between the State government and commercial banks.

4.2.1 BORROWING REQUIREMENTS FROM 2024 - 2033

INSTRUMENTS	TENOR	CURRENCY	AMOUNT	RATE	STRATEGY 1 TOTAL (N000")
COMMERCIAL BANKS	1 - 5 YEARS	NAIRA	-		-
COMMERCIAL BANKS	ABOVE 6 YEARS	NAIRA	333.90		333.90
BONDS	1 - 5 YEARS	NAIRA	-		-
BONDS	ABOVE 6 YEARS	NAIRA	272.80		272.80
CONCESSIONAL LOANS	CONCESSIONAL LOANS	DOLLAR	168.50	1,200.00	202.20
BILATERAL LOANS	BILATERAL LOANS	DOLLAR	127.60	1,000.00	127.60
TOTAL					936.50

The 2024 DSA-DMS report considers the best option of borrowing from both internal and external sources for deficit financing in the projection period bearing in mind associated cost and risks. Strategy 1 which comprises of borrowing from both internal and external sources requires N936.5 billion for deficit financing from 2024 – 2033. This is cheaper compared to Strategy 2 (N3,647.7) billion, Strategy 3 (N3,837.7) billion and Strategy 4 (N2,522.8) billion respectively for deficit financing within the same period.

Strategy 3 is the most expensive option with a requirement of N3,837.7 billion borrowing from only commercial banks with a tenor of 1 – 5 years and above 6-year period respectively. This is followed by Strategy 2 with a total deficit financing requirement of N3,647.7 billion borrowing from both commercial banks and bonds within the projection period of 2024 – 2033. Strategy 4 considers borrowing only from the stock market (Bonds) for deficit financing within the projection period and requires N2,522.8 billion from 2024 – 2033.

4.3 DSA SIMULATION RESULTS

Recent shocks underscore the urgent need to significantly diversify and improve government revenues and reduce the dependence on oil revenue sources. Government should remain committed and focused in using innovative ways to raise the revenues required

to finance its expenditure and diversify its revenue sources. The medium-term target is to increase the Revenue-to-Debt Service ratio. Higher revenue collections will enable Government to deliver public services more effectively, enhance infrastructure investment, and improve investment in human capital development.

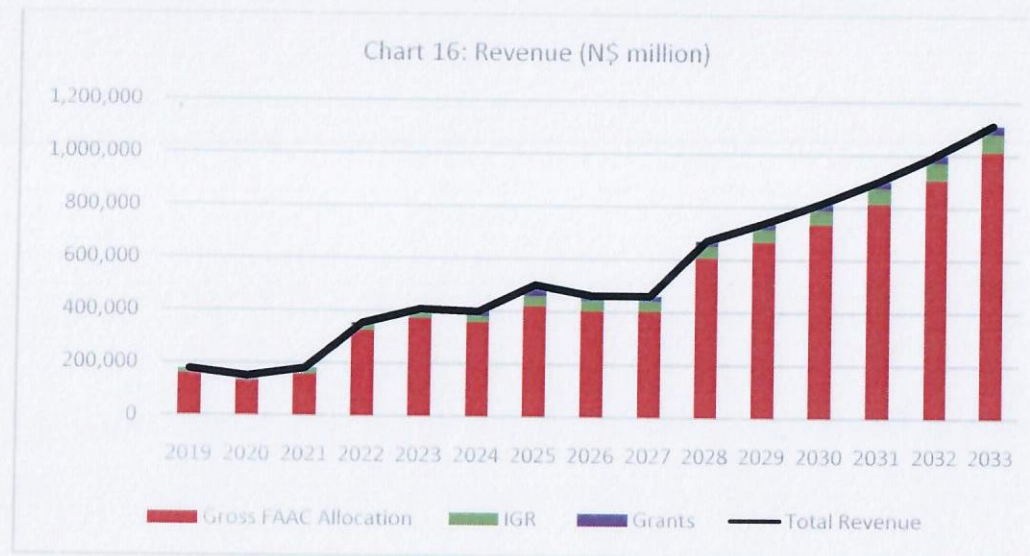
i. REVENUE EXPENDITURE, OVERALL AND PRIMARY BALANCE OVER THE LONG-TERM:

In the baseline scenario, under the reference debt strategy (S1), the State preserves debt sustainability. Total revenue (including grants and excluding other capital receipts) is projected to increase from N406.8 billion in 2023 to N1,113 billion by 2033 (chart 16) representing an increase of N706.2 billion or 173.6.5%.

Gross FAAC Allocation is projected to grow from N374.9 billion in 2023 to N1,014.3 billion in 2033, which represents an increase of N639.4 billion or 170.6%. Grants is projected to grow from N4.7 billion in 2023 to N29.7 billion in 2033 representing an increase of N25 billion or 531.9%. The projection sources were from the Approved 2024 Budget; State MTEF 2025-2027; 2028-2033 projections as estimated by the State DMD.

The Internally Generated Revenue (IGR), and tax system should further be strengthened over the medium term by improving collection efficiency, enhancing compliance, and reorganizing the business practices of revenue agencies in the state as well as employing appropriate State-of-the-art technology. In addition, efforts should also be made to attract more businesses from the informal sector into the tax net. IGR is estimated to grow by N41.8 billion or 153.7 % (from N27.2 billion in 2023 to N69 billion in 2033), over the projection period of the Approved 2024 Budget; MTEF, 2025-2027; 2028-2033 projections as estimated by the State DMD.

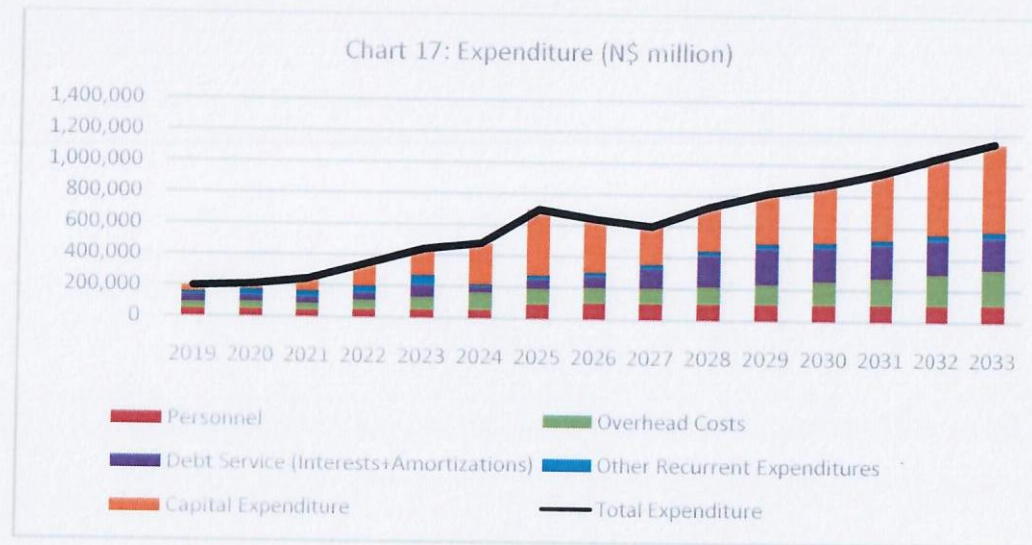
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Revenue	176,143	149,395	180,278	353,608	406,762	399,440	500,340	459,909	460,909	671,866	738,874	814,929	901,470	1,000,170	1,112,977
Gross FAAC Allocation	161,335	134,049	159,502	327,464	374,894	358,871	421,940	404,209	404,209	608,166	668,174	737,229	816,770	908,470	1,014,277
IGR	14,808	12,496	18,595	18,392	27,197	23,869	39,000	39,000	39,000	44,000	49,000	54,000	59,000	64,000	69,000
Grants	0	2,850	2,182	7,752	4,670	16,700	39,400	16,700	17,700	19,700	21,700	23,700	25,700	27,700	29,700



Source: State's forecast

Total expenditure is projected at N481.6 billion in 2024, N701.5 billion in 2025, N642.4 billion in 2026, N598.2 billion in 2027, N724.7 billion in 2028, N814.9 billion in 2029, N871 billion in 2030, N951.4 billion in 2031, N1,051.7 billion in 2032 and N1,144.7 billion in 2033 respectively, indicating stability in the state growth recovery rate. Personnel Costs, Overhead Cost, Debt Service, and Capital Expenditure is estimated to increase from N53.5 billion in 2023 to N111.8 billion in 2033, N80.1 billion in 2023 to N226.5 billion in 2033, N78.7 billion in 2023 to N205.7 billion 2033, and N169.2 billion in 2023 to N564.4 billion in 2033. while Other Recurrent Expenditure is estimated to decrease from N60.2 billion in 2023 to N36.3 billion in 2033 representing a decrease of N23.9 billion or 65.8%. Source; Approved 2024 Budget; MTEF, 2025-2027; 2028-2033 projections as estimated by the State Ministry of Budget and State DMD extrapolated.

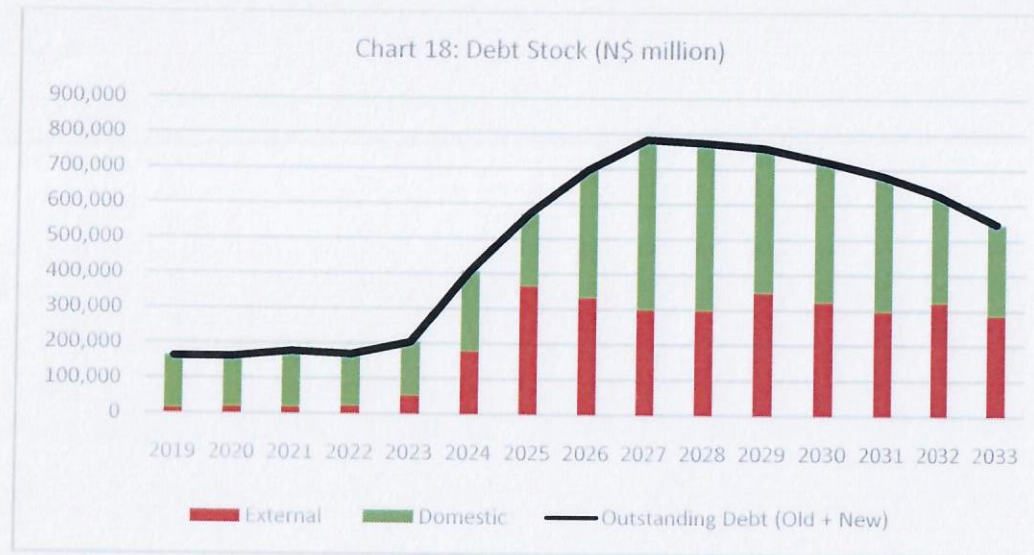
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Expenditure	197,191	209,476	244,886	340,156	441,641	481,612	701,527	642,422	598,241	724,707	814,960	871,031	951,356	1,051,713	1,144,671
Personnel	49,823	49,028	46,233	51,330	53,453	55,037	95,308	105,308	105,308	106,361	107,425	108,499	109,584	110,680	111,787
Overhead Costs	42,543	48,770	42,539	59,880	80,112	112,061	97,902	97,902	97,902	112,588	129,476	148,897	171,231	196,916	226,454
Debt Service (Interests+Amortizations)	47,671	39,996	41,862	47,813	78,660	34,077	62,928	71,895	126,714	198,843	227,055	212,228	211,472	219,037	205,737
Other Recurrent Expenditures	14,994	33,586	34,817	41,219	60,202	15,430	19,324	24,324	24,324	26,324	28,324	30,324	32,324	34,324	36,324
Capital Expenditure	42,159	38,096	79,434	139,914	169,214	265,007	426,065	342,993	243,993	280,592	322,680	371,082	426,745	490,756	564,370



Source: State's forecasts

- The projected increase in expenditure (Personnel cost, Overhead costs, other recurrent expenditures, and Capital Expenditure) results in increase in debt through Primary Balance and implementation of the new National minimum wage.
- Bayelsa State's Debt Stock is estimated to increase from N204.5 billion in 2023 to N544.3 billion in 2033, representing an increase of N339.8 billion or 166.2% over the projection period. External Debt is projected to increase from N53.4 billion in 2023 to N287.2 billion in 2033 representing an increase of N233.8 billion or 437.8% and Domestic Debt is expected to increase from N151.2 billion in 2023 to N257.1 billion in 2033 representing an increase of N105.9 billion or 70% over the projection period.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Outstanding Debt (Old + New)	162,994	163,362	177,731	169,648	204,519	407,421	570,996	696,172	782,052	773,200	759,037	721,730	680,407	625,649	544,282
External	15,065	19,234	19,095	23,276	53,363	180,310	366,107	333,288	300,889	298,989	350,006	323,936	298,166	323,339	287,157
Domestic	147,930	144,129	158,636	146,371	151,156	227,111	204,889	362,884	481,164	474,211	409,031	397,794	382,241	302,309	257,125

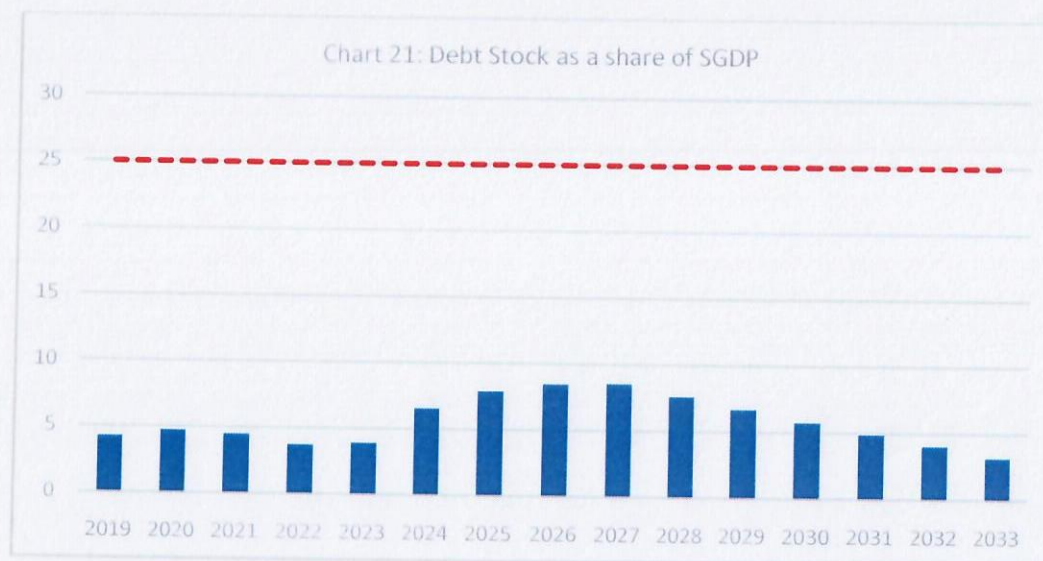


Source: State's forecasts

BAYELSA STATE MAIN FINDING

The Baseline Scenario results shows that the ratio of Debt as % of GDP is projected at 7% in 2024, 8% in 2026, 8% in 2028, 7% in 2029, 5% in 2031 and 3% in 2033 respectively, as against the indicative threshold of 25 percent. This means that there is room for the state to borrow more for capital development and economic growth under favourable conditions and risks.

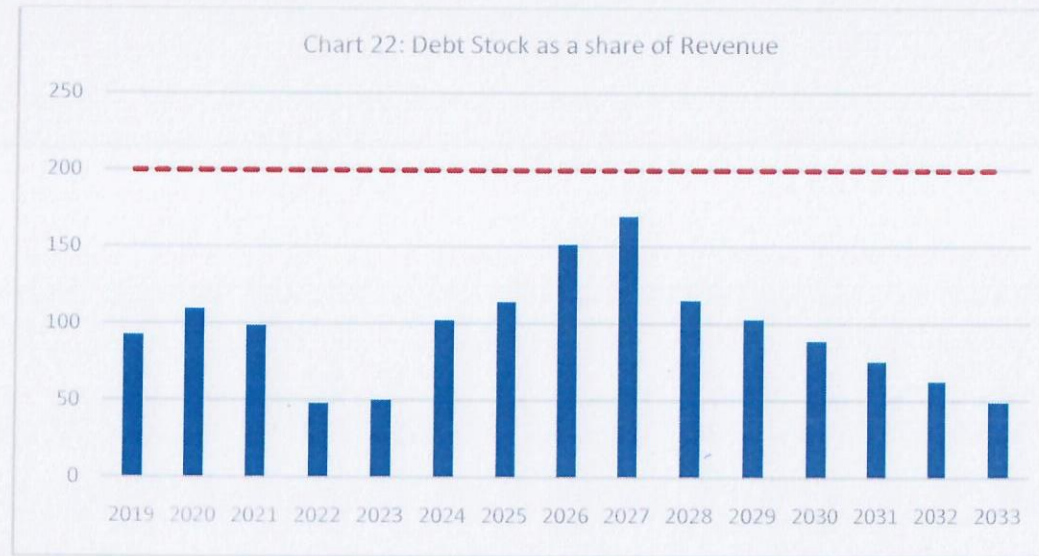
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of SGDP	4	5	4	4	4	7	8	8	9	8	7	6	5	4	3
Threshold	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25



Source: State's forecasts

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt as % of Revenue	93	109	99	48	50	102	114	151	170	115	103	89	75	63	49
Threshold	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200

The ratio of Debt as % of Revenue is estimated at 102% in 2024, 151% in 2026, 170% in 2027, 89% in 2030 and 49% in 2033 respectively, although the ratio of Debt as % of Revenue remains below the threshold of 200% over the projection period with the highest percentage of 170% in 2027. The implication of this is that the State's FAAC revenue is overburdened by debt service. Therefore, the State must quickly deploy other revenue sources like Grants, Donations, and the State IGR for debt service in other to free up FAAC revenue for other development activities.



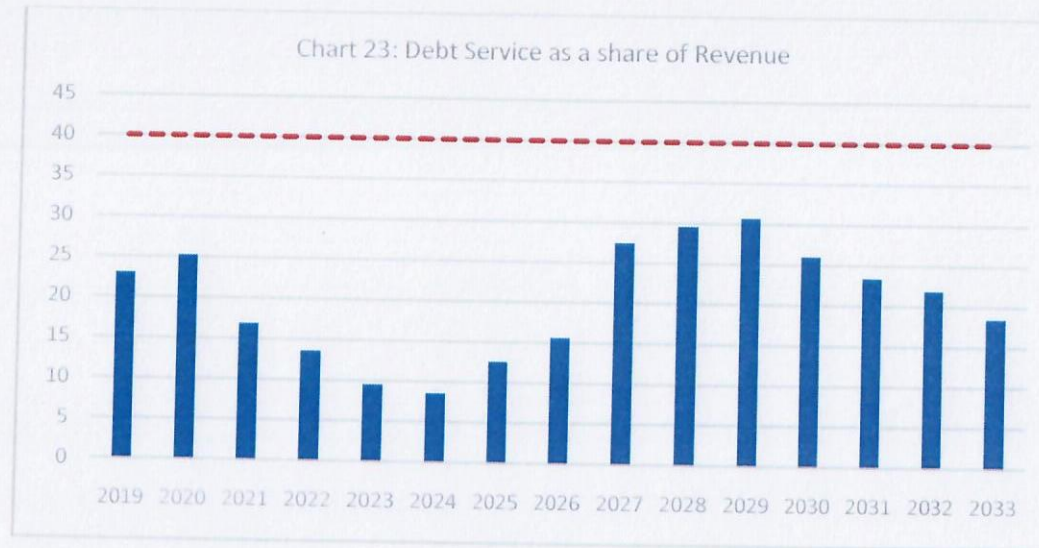
Source: State's forecasts

Meanwhile, the ratios of Debt Service to Revenue and Personnel Cost to Revenue trends remain under the threshold over the projection period from 2024 to 2033. This is because of government's conscious efforts and policies to keep expenditures under control.

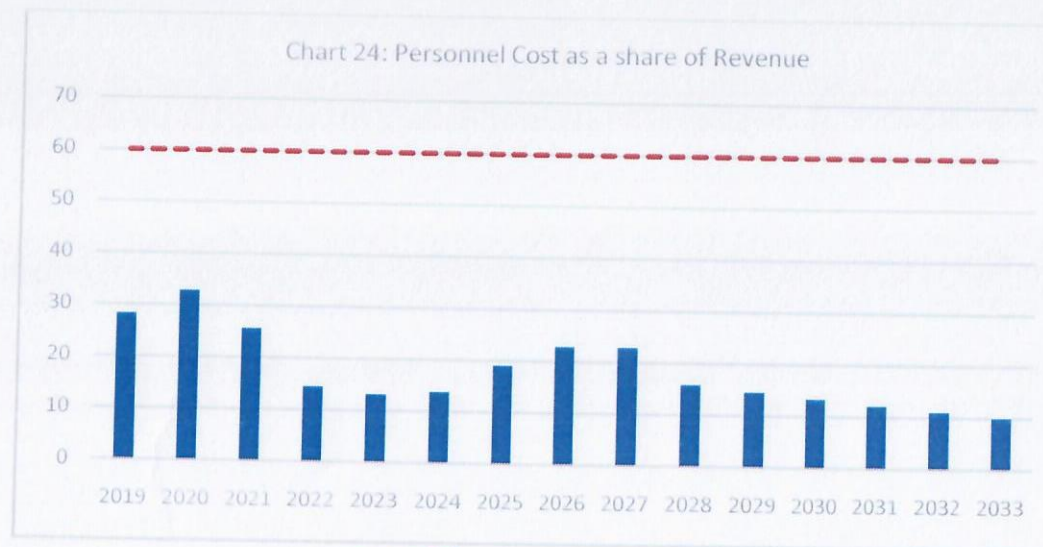
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt Service as % of Revenue	23	25	17	14	10	9	13	16	27	30	31	26	23	22	18
Threshold	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Personnel Cost as % of Revenue	28	33	26	15	13	14	19	23	23	16	15	13	12	11	10
Threshold	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60

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Source: State's forecasts



Source: State's forecast

CONCLUSION

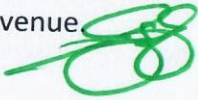
Bayelsa State DSA result shows that, the State remains at the MODERATE Risk of Debt Distress. The State remains sensitive to the revenue shocks and expenditure shocks indicating that an increase in aggregate output, does not result to a proportionate increase in revenue. There is, therefore, the urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC), as well as implement far-reaching policies that will bolster IGR into the state. The State should also continue the implementation and strengthening of already existing policies like "Arrears Clearance Framework, Single Treasury Account (TSA), Integrated Personnel and Payroll System (IPPS)" etc. This has become critical, given the continued volatility in the FAAC allocation and the unpredictable global economy.

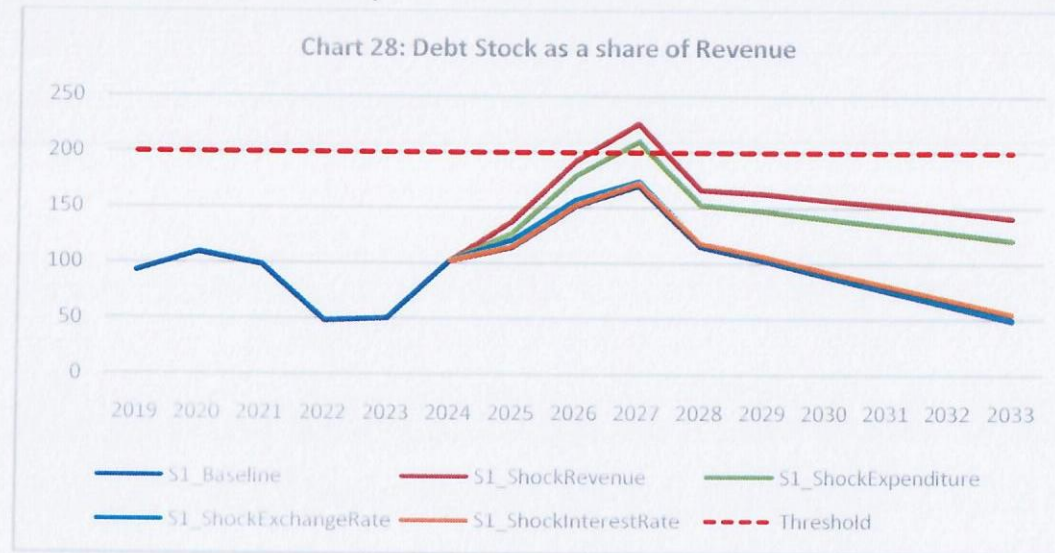
4.4 DSA SENSITIVITY ANALYSIS (SHOCK ANALYSIS)

The State faces important sources of fiscal risks associated to the possibility of adverse country wide macroeconomic conditions and the reversal of the State's revenue and expenditure policies. A sensitivity analysis is undertaken considering macroeconomic shocks and policy shocks to evaluate the robustness of the sustainability assessment for the baseline scenario under the reference debt strategy (S1) discussed in the previous sub-section. When considering both macroeconomic and policy shocks, it is assumed that external and domestic borrowings cover any revenue shortfall and additional expenditure relative to the baseline scenario discussed earlier.

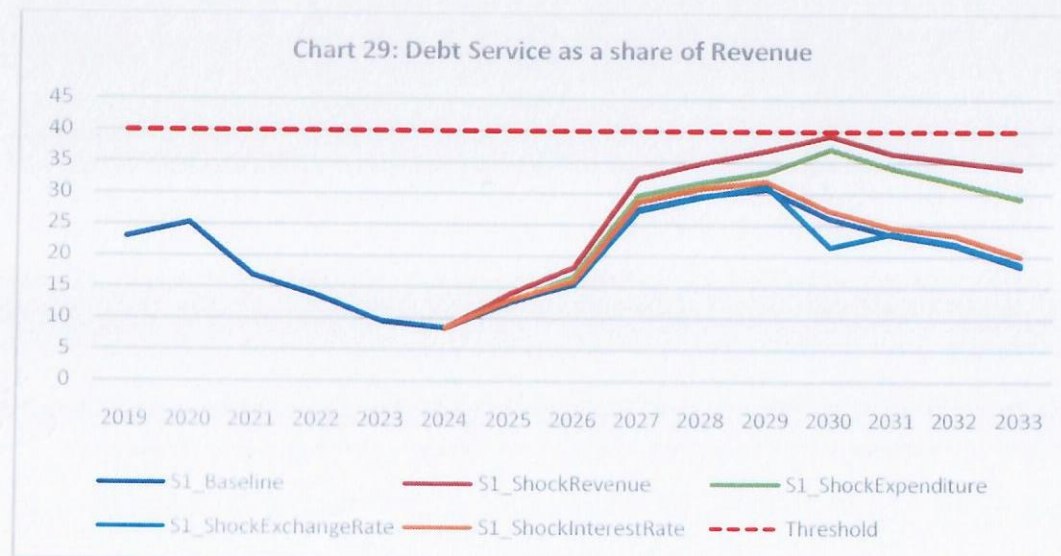
The 2024 DSA analysis shows that Bayelsa State remains at a moderate risk of debt distress under sensitivity analysis.

The State DSA analysis shows deterioration related to revenue and expenditure shocks that would lead to increase in Gross Financing Needs over the projection period. The shocks applied breached the threshold as follows; Debt as percentage of Revenue: Revenue and expenditure shocks were breached in 2027. All other shocks applied remained within the thresholds throughout the projection period of 2024 – 2033. Personnel cost as percentage of revenue and Debt as percentage of SGDP also remained within the thresholds both in the baseline and shock scenarios. There is therefore an urgent need for the authorities to fast-track efforts aimed at further diversifying the sources of revenue away from crude oil (FAAC). Since the State's IGR base is small, government should consider policies and partnerships that will attract investors to the State thereby increasing the IGR base to avoid over-dependence on FAAC revenue.





Source: State's forecasts



Source: State's forecasts

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CHAPTER FIVE

5.0 DEBT MANAGEMENT STRATEGY

Public Debt Management is the process of establishing and executing a strategy for managing the government's debt to raise the required amount of funding at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk. For any Debt Management Strategy (DMS), its cost is measured by the expected value of a performance indicator in 2028 (as projected in the baseline scenario). Risk is measured by the deviation from the expected value in 2028 caused by an un-expected shock projected in the most adverse scenario).

Debt Management Performance Indicators (DMPI)

DESCRIPTION	THRESHHOLD	PERCENTAGE
Debt Stock/Revenue %	200	115%
Debt Service/Revenue%	40	30%
Interest/Revenue%	0	21%

5.1 ALTERNATIVE BORROWING OPTIONS

Strategy 1 (S1) reflects a "Baseline" MTEF Financing Mix: It follows the broad parameters of the financing mix in the fiscal year 2024 and MTEF, 2025-2027. External gross borrowing under Concessional loans is N0.17 billion over the strategic period mainly through World Bank and African Development Bank; and the bilateral loan accounts for N0.13 billion over the strategic period respectively. Although external loans are preferable to domestic loans due to the advantages they have, which includes lower interest rate, more affordable, lower fees, and longer repayment period. However, they are not readily available because they must be guaranteed by Federal Government (on-lending).

The Domestic gross financing comprises commercial bank loans and State bonds. The Domestic Financing under the Commercial Bank loans (maturity above 6 years) is N333.9 billion. Although commercial bank rates are now higher than other domestic loans, they are considered here because they are quick to access and are readily available.

State bonds (Maturity above 6 years) accounts for N272.8 billion over the DMS period of 2024 to 2033. State bonds are also considered here because they have less restrictions to obtain, they have low volatility, high liquidity and the State also stands to enjoy legal protection.

Debt Management Strategy1 financing mix is driven by funding of current account deficit, foreign direct investment (FDIs), rollover and exchange rate risk mitigation, and funding of huge infrastructure demand to stimulate economic growth.

The policy objectives that motivate borrowing from the proposed instruments in the alternate strategies (S2), (S3), and (S4), (commercial banks and bonds.) are generally for risk mitigation, development of domestic debt markets, funding of specific expenses, and securing liquid assets for cash management.

Debt Management Strategy 2, (proposed instrument, Commercial loan (1 – 5 years) is N1,702.8 billion and bonds (1 – 5 years) is N1,944.9 billion) is driven by funding of specific expenses such as capital investment to secure liquid assets for cash management, development of domestic debt market, and funding of huge infrastructural capital development projects. The mix of commercial loans and bonds are considered in Strategy 2 to see how the State will fare over the MTDS-DSA projection period.

Debt Management Strategy 3, (Proposed instrument, Commercial loans (1 – 5 years) is N1,923.6 billion and (above 6 years) is N1,914.1 billion) is driven by funding of specific expenses such as capital investment, and to secure liquid assets for cash management. Commercial loans are considered because they are quick to access and are readily available.

Debt Management Strategy 4, (proposed instrument, Bonds(1 – 5 years) N1,195.6 and (above 6 years) is N1,327.2 billion) is driven by current account deficit, and funding of huge infrastructure demand to stimulate economic growth. Only State bonds are considered in Debt Management Strategy 4 because they have low volatility, less restrictions and have high liquidity compared to other domestic loan instruments.

5.2 DMS SIMULATION RESULTS

The cost risk trade off charts illustrates the performance of the alternative strategies with respect to three (3) debt burden indicators:

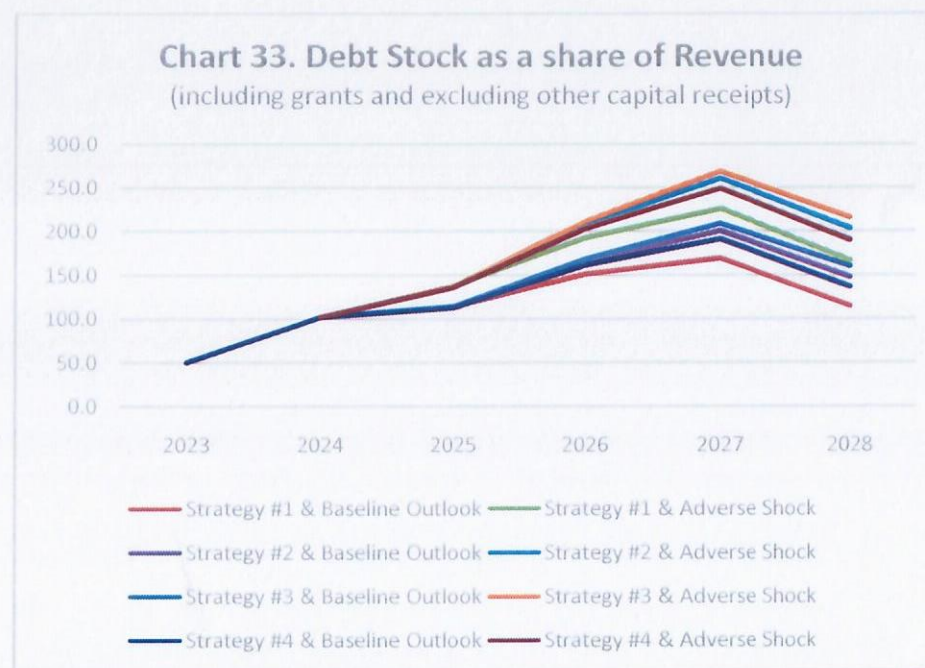
1. Debt as a share of Revenue
2. Debt Service as a share of Revenue, and
3. Interest as a Share of Revenue

a. DEBT AS A SHARE OF REVENUE:

➤ Strategy 1 shows the Cost ratio of Debt to Revenue is estimated to increase from 102 % in 2024 to 115.1 % in 2028, as against Strategy 2 (148 %), Strategy 3 (160.1 %) and Strategy 4 (136.6 %) over the DMS period of 2024 - 2028, compared with the associated risk of Strategy 1 (51.4 %), Strategy 2 (55.1%), Strategy 3 (56.4 %) and Strategy 4 (53.8%), respectively. (Chart 33 & 34)

➤ Analysis using this debt indicator of “debt to revenue” shows that S1 is the least costly and least risky which was estimated at 115.1% and 51.4% compared to Strategy 2 (148 % and 55.1 %) Strategy 4 (136.6 % and 53.8 %), respectively. On the other hand, Strategy 3 is the costliest and riskiest strategy which was estimated at 160.1 % and 56.4 %, which concentrated only on commercial bank borrowings over the DMS period of 2024-2028. (Chart 33 & 34)

Debt Stock as % of Revenue (including grants and	2023	2024	2025	2026	2027	COST	RISK measured only in
						2028	
Strategy #1 & Baseline Outlook	50.3	102.0	114.1	151.4	169.7	115.1	51.4
Strategy #1 & Adverse Shock		102.0	137.9	192.4	225.7	166.5	
Strategy #2 & Baseline Outlook	50.3	102.0	114.1	164.8	200.8	148.0	55.1
Strategy #2 & Adverse Shock		102.0	137.9	207.3	260.2	203.1	
Strategy #3 & Baseline Outlook	50.3	102.0	114.1	168.4	208.5	160.1	56.4
Strategy #3 & Adverse Shock		102.0	137.9	211.3	268.8	216.6	
Strategy #4 & Baseline Outlook	50.3	102.0	112.7	161.5	191.1	136.6	53.8
Strategy #4 & Adverse Shock		102.0	136.3	203.6	249.5	190.4	



Source: State's forecasts



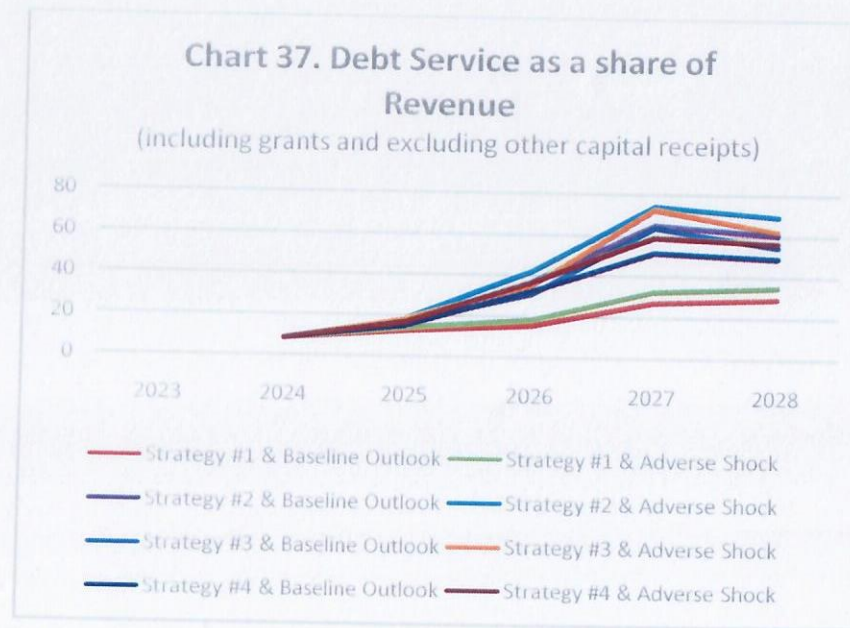
Source: State's forecasts

b. DEBT SERVICE AS A SHARE OF REVENUE:

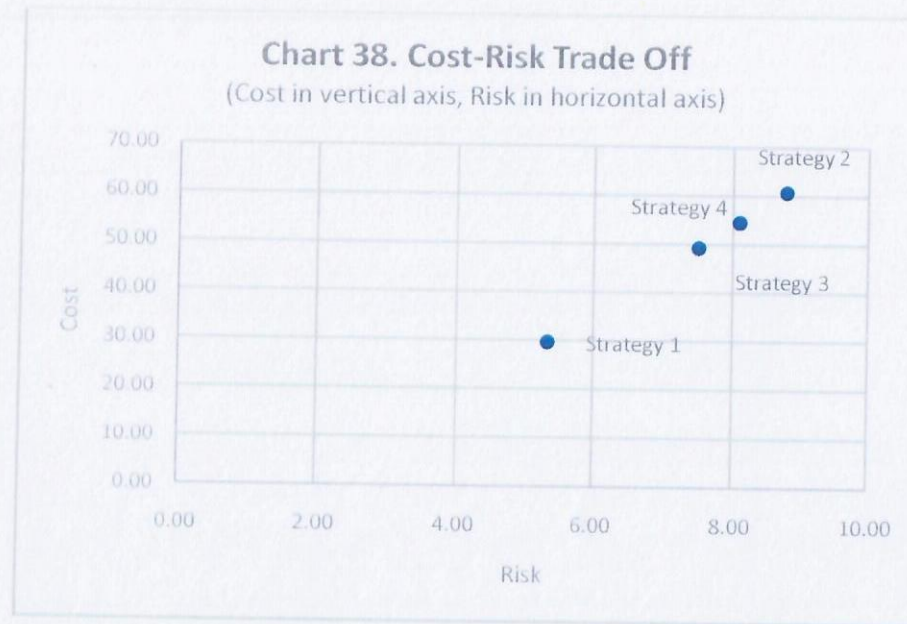
➤ In terms of “Debt Service to Revenue”, Strategy 1 has the lowest costs of 8.5 % in 2024 to 29.6 % in 2028 and lowest risks of 5.3 % compared to Strategy 2 (costs at 60.7 % and risks at 8.8 %), Strategy 3 (costs at 54.5 % and risks at 8.1 %) and Strategy 4 (costs at 49.2 % and risks at 7.5 %) respectively, as at end of the strategic period of 2028.

➤ Strategy 1 has the lowest costs at 29.6 % and minimum risks at 5.3 % under the “Debt Service to Revenue”, followed by Strategy 4: costs at 49.2 % and risks at 7.5 %, while Strategy 2 is the costliest and riskiest strategy as the domestic debt financing considered only Commercial banks and State Bonds with a cost of 60.7% and an associated risk of 8.8% at the end of the strategic period of 2028. (Chart 37 & 38)

Debt Service as % of Revenue (including grants a	2023	2024	2025	2026	2027	COST	RISK measured only in 2028
						2028	
Strategy #1 & Baseline Outlook		8.5	12.6	15.6	27.5	29.6	5.3
Strategy #1 & Adverse Shock		8.5	14.0	18.3	32.5	34.9	
Strategy #2 & Baseline Outlook		8.5	16.5	36.9	65.2	60.7	8.8
Strategy #2 & Adverse Shock		8.5	18.3	42.0	74.3	69.5	
Strategy #3 & Baseline Outlook		8.5	16.5	30.9	63.8	54.5	8.1
Strategy #3 & Adverse Shock		8.5	18.3	35.3	72.8	62.6	
Strategy #4 & Baseline Outlook		8.5	15.0	32.2	51.7	49.2	7.5
Strategy #4 & Adverse Shock		8.5	16.7	36.8	59.3	56.7	



Source: State's forecasts



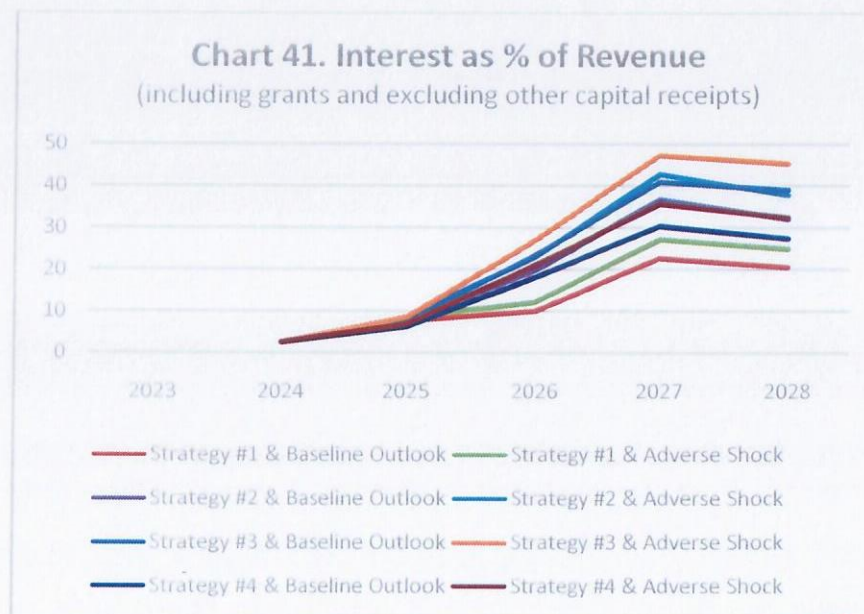
Source: State's forecasts

c. INTEREST AS A SHARE OF REVENUE

➤ Strategy 1 has the least costs with regards to "Interest as a percentage of revenue". This is projected to increase from 2.5% in 2024 to 20.6% in 2028 with an associated Risk of 4.3%, whilst Strategy 3 is the costliest and riskiest strategy at 39 % and 6.4% compared to Strategy 4 with a moderate cost and risk of 27.4% and 5.1% and Strategy 2 with estimated costs and risks of 32.1% and 5.6% as at end of the strategic period of 2028.

➤ The ratios of Interest as percent of Revenue analysis shows that S1 yielded the lowest costs and risks due to a mix of external financing. The external debt service terms contain lower interest rates, longer maturity and grace period compared to S4 and S2 with moderate costs and risks. However, S3 is the costliest and riskiest strategy over the analysis period of 2024 – 2028. (Chart41 & 42)

Interest as % of Revenue (including grants and excluding other capital receipts)	2023	2024	2025	2026	2027	COST	RISK measure
						2028	
Strategy #1 & Baseline Outlook		2.5	7.6	10.0	22.7	20.6	4.3
Strategy #1 & Adverse Shock		2.5	8.5	12.1	27.1	24.9	
Strategy #2 & Baseline Outlook		2.5	7.6	19.8	36.7	32.1	5.6
Strategy #2 & Adverse Shock		2.5	8.5	22.9	42.7	37.7	
Strategy #3 & Baseline Outlook		2.5	7.6	23.4	40.9	39.0	6.4
Strategy #3 & Adverse Shock		2.5	8.5	27.0	47.4	45.3	
Strategy #4 & Baseline Outlook		2.5	6.2	18.1	30.3	27.4	5.1
Strategy #4 & Adverse Shock		2.5	6.9	21.0	35.6	32.5	



Source: State's forecasts



Source: State's forecasts

5.3 DMS ASSESSMENT

The preferred strategy was not solely based on the Analytical Tool assessment of all four strategies but took into consideration the ability to implement the chosen strategy successfully in the medium-term to long-term. Considering the Analytical Tool's results (of costs and risks assessment) using the liquidity and solvency ratios, **Strategy 1 is considered the most feasible of all the strategies to implement in the short to medium-term and would also improve the State's portfolio debt position relative to the base year 2023.**

In comparison to the current debt position, Bayelsa State debt portfolio stood at N204.5 billion as at end-2023, which is expected to increase to N544.3 billion under Strategy 1 to the end of the strategic period, compared to Strategy 2 (N1,805.9 billion), Strategy 3 (N2,577.7 billion), and Strategy 4 (N1,270.2 billion). In addition, the cost/risk trade-offs are considered, using the debt to GDP, debt to revenue, debt service to GDP, debt service to revenue, interest to GDP and interest payment to GDP ratios. **Strategy 1 (S1) is selected as the preferred strategy for the 2024-2028 assessment period.**

The Debt Management Strategy (DMS), 2024-2028 represents a robust framework for prudent debt management, as it provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the 2024 budget. The cost-risk trade-off of alternative borrowing strategies under the DMS have been evaluated within the medium-term context.

LIST OF ANNEXURES:

ANNEXURE 1: TABLE OF ASSUMPTIONS

2024

Projection Methodology

Source

Assumptions:

Economic activity

State GDP (at current prices)

State real and nominal GDP figures were obtained from Federal Debt Management office

NBS /WBG/FBS

Revenue

Revenue

Sum of the Components

Financial Statements / FAAC / Annual estimates/MTEF.

1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)

The state projections for 2024-2033 are based on the State Annual budget, State MTEF 2025 – 2027 and the Federal Government MTEF 2021-2023 projections (which are extrapolated using 2023 growth rate applied for 2028-2033. State share is calculated using the historical index of federation account revenue distribution.

Financial Statements / FAAC / Annual estimates/Federal DMO MTEF 2021 - 2023 (extrapolated)

1.a. of which Net Statutory Allocation ('net' means of deductions)

1.b. of which Deductions

2. Derivation (if applicable to the State)

Projections are based on State annual estimates, State MTEF 2025 - 2027 and State Projections 2028 - 2033. Derivation is expected to increase by 10% from 2028 to 2033. The assumption is based on removal of fuel subsidy which has led to an increase in States FAAC allocations.

Financial Statements / FAAC / Annual estimates/State DMO (projections 2028 - 2033)

3. Other FAAC transfers (exchange rate gain, augmentation, others)

Projections are based on State annual estimates, State MTEF 2025 - 2027 and State Projections 2028 - 2033. Other FAAC transfers are estimated to increase by 0.5% from 2028 to 2033. The assumption is based on removal of fuel subsidy which has led to an increase in States FAAC allocations.

Financial Statements/FAAC/MTEF/Annual Estimates

4. VAT Allocation

The state projections are based on the State Annual estimates, State MTEF 2025 – 2027 and the Federal Government MTEF 2021-2023 projections (which are extrapolated using 2023 growth rate applied for 2028-2033). State share of VAT is calculated using historical (2020) state share of total derivation receipts (this is an approximation).

Financial Statements / FAAC / Annual estimates/Federal DMO MTEF 2021 - 2023 (extrapolated)

5. IGR

IGR projection is based on the State Annual estimate, State MTEF 2025 - 2027 and State DMD projections. IGR is expected to increase by 5 billion from 2028 - 2033. The assumption is due to recent government policy on automated IGR collection system and blocking of tax leakages by the State government.

Financial Statements / SBIR /State MTEF /Annual Estimates

6. Capital Receipts

Sum of the Components

Financial Statements/FAAC/MTEF/ Appropriation

6.a. Grants

Projections are based on the State Annual estimates, State MTEF 2025 - 2027 and State DMD projections. Grants are projected to increase by 2 billion from 2028 to 2033. (External grants are based on signed grant agreements with the State development partners)

Financial Statements/FAAC/MTEF/ Appropriation

6.b. Sales of Government Assets and Privatization Proceeds

6.c. Other Non-Debt Creating Capital Receipts

Expenditure

Expenditure

Sum of components

Financial Statements / FAAC / Annual estimates/MTEF.

1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)

Projections are based on the State Annual estimates, State MTEF 2025 - 2027 and State DMD projections 2028 - 2033. Personnel cost is projected to increase by 1% from 2028 to 2033. (Expected increase is due to the Federal Government new minimum wage and the State government policy on controlled expenditures.)

Financial Statements/ MTEF/ Appropriation

2. Overhead costs

3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)

4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)

5. Capital Expenditure

Projections are based on State Annual estimates, State MTEF 2025 - 2027 and State DMD projections 2028 - 2033. Overhead cost is projected to increase by 15% from 2028 to 2033 (Government policy on controlled expenditure) The projected increase in overhead is as a result of anticipated increase in development activities, maintenance costs, inflation and exchange rate differentials.

Projections are based on actual expected interest payments in the future as contained in the State Loan amortization schedules

Other recurrent expenditure is expected to increase by N2billion from 2028 to 2033 (Government policy on controlled expenditure). The estimate is based on anticipated increase in oil production due to security of oil installation in the region and increase in FAAC allocations due to fuel subsidy removal by Federal Government.

Projections are based on the State Annual estimates, State MTEF 2025 - 2027 and State DMD projections. Capital expenditure is projected to increase by 15% from 2028 to 2033. The assumption is due to expected increase in FAAC allocations due to subsidy removal by Federal government and the State IGR due to State government policies which will in turn be used for capital projects for economic development.

Financial Statements/ MTEF/ Appropriation

DMD/FAAC/DMO/CBN

Financial Statements/ MTEF/ Appropriation

Financial Statements/ MTEF/ Appropriation

Closing Cash and Bank Balance

Closing Cash and Bank Balance

State Audited Financial Statements

Financial Statements/ Bank Statements

Debt Amortization and Interest Payments

Debt Outstanding at end-2023

Actual Domestic and External debt stock as at 31st December 2023

Financial Statements/DMD/DMO

External Debt - amortization and interest

Amortization and interest payment estimated using profiles recorded in DMO including external debt service paid through FAAC deductions

DMO/CBN/DMD

Domestic Debt - amortization and interest

Amortization and interest payment estimated using profiles recorded in DMD including those paid directly by the state through FAAC deductions

DMO/DMD/CBN/Financial statements

New debt issued/contracted from 2024 onwards

Generated automatically by WBG-DMO DSA Template 2024

DMO/WBG

New External Financing

Current expected Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)

(interest rate 5%, maturity (10 years) and grace period (3 year))

DMO/CBN/DMD

External Financing - Bilateral Loans

(interest rate 5%, maturity (10 years) and grace period (3 year))

DMO/CBN/DMD

Other External Financing

New Domestic Financing

Current expected Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)

(interest rate 35%, maturity (5 years) and grace period (0 year))

State DMD/DMO/CBN

(interest rate 35%, maturity (10 years) and grace period (1 year))

State DMD/DMO/CBN

State Bonds (maturity 1 to 5 years)

(interest rate 27.5%, maturity (5 years) and grace period (0 year))

State DMD/DMO/CBN

State Bonds (maturity 6 years or longer)

(coupon rate (27.5%) maturity (7 years) and grace period (0))

State DMD/DMO/CBN

Other Domestic Financing

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S1

Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S1

New Domestic Financing in Million Naira

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)

State Bonds (maturity 1 to 5 years)

State Bonds (maturity 6 years or longer)

Other Domestic Financing

New External Financing in Million US Dollar

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)

External Financing - Bilateral Loans

Other External Financing

N333.9 billion (interest rate 35%, maturity (10 years) and grace period (1 year)) Projections are based on expected capital investment by State Government and securing of liquid assets for cash management eg lands, buildings, machinery, equipment etc. Assumption: Lower domestic interest rates, Quicker access to funds, appreciable growth in IGR, and shorter application process

N272.8 billion (coupon rate (27.5%) maturity (7 years) and grace period (0)) Projections based on expected current account deficit financing and funding of huge capital infrastructure by government. Low volatility, High liquidity, legal protection, huge capital and less restrictions

N0.17 billion Dollars (interest rate 5%, maturity (10 years) and grace period (3 year)) Projections are based on foreign direct investment and rollover, fixed interest rate and guided exchange rate risk mitigation, and also for deficit financing. Assumptions: Lowest interest rates, lower fees, longer repayment periods, On-lend borrowing by Federal Government

N0.13 billion Dollars (interest rate 5%, maturity (10 years) and grace period (3 year)) Projections are based on foreign direct investment and rollover, fixed interest rate and guided exchange rate risk mitigation, and also for deficit financing. Assumptions: Lowest interest rates, lower fees, longer repayment periods, On-lend borrowing by Federal Government

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S2

Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S2

New Domestic Financing in Million Naira

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)

Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)

State Bonds (maturity 1 to 5 years)

N1,702.8 billion (interest rate 35%, maturity (5 years) and grace period (0 year)) Projections based on expected capital investment by State Government and securing of liquid assets for cash management. Assumption: Lower domestic interest rates, Quicker access to funds, and shorter application process

N1,944.9 billion (coupon rate (27.5%) maturity (7 years) and grace period (0)). Low volatility, High liquidity, legal protection, huge capital and less restrictions

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

State Bonds (maturity 6 years or longer)

Other Domestic Financing

New External Financing in Million US Dollar

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)

External Financing - Bilateral Loans

Other External Financing

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S3

Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S3

New Domestic Financing in Million Naira

Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)

State Bonds (maturity 1 to 5 years)

State Bonds (maturity 6 years or longer)

Other Domestic Financing

New External Financing in Million US Dollar

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)

External Financing - Bilateral Loans

Other External Financing

N1,923.6 billion (interest rate 35%, maturity (5 years) and grace period (0 year)). Assumption: Lower domestic interest rates, Quicker access to funds, and shorter application process

STATE DMD/DMO/WBG

N1,914.1 billion (interest rate 35%, maturity (10 years) and grace period (0 year)) Projections are based on expected capital investment by State Government and securing of liquid assets for cash management. Assumption: Lower domestic interest rates, Quicker access to funds, and shorter application process

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

STATE DMD/DMO/WBG

Proceeds from Debt-Creating Borrowings corresponding to Debt Strategy S4

Planned Borrowings (new bonds, new loans, etc.) for Debt Strategy S4

New Domestic Financing in Million Naira



Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)

State Bonds (maturity 1 to 5 years)

State Bonds (maturity 6 years or longer)

Other Domestic Financing

New External Financing in Million US Dollar

External Financing - Concessional Loans (e.g., World Bank, African Development Bank)

External Financing - Bilateral Loans

Other External Financing

N1,195.6 billion (Coupon rate 27.5%, maturity (5 years) and grace period (0 year)). Low volatility, High liquidity, legal protection, huge capital and less restrictions

STATE DMD/DMO/WBG

N1,327.2 billion (coupon rate (27.5%) maturity (7 years) and grace period (0)) Projections are based on expected current account deficit financing and funding of huge capital infrastructure by government. Construction of roads, bridges and other capital infrastructure. Low volatility, High liquidity, legal protection, huge capital and less restrictions

STATE DMD/DMO/WBG

Annexure ii: Historical and Projection Table

Indicator	Actuals					Projections									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
BASELINE SCENARIO															
Economic Indicators															
State GDP (at current prices)	3,819,586.85	3,472,193.16	3,963,429.25	4,555,201.93	5,276,886.99	6,232,906.06	7,210,662.38	8,198,395.68	9,121,740.00	10,149,075.96	11,292,115.65	12,563,890.17	13,978,898.30	15,553,271.72	17,304,958.95
Exchange Rate NGN/US\$ (end-Period)	253.19	305.79	306.50	326.00	379.00	1,300.00	1,200.00	1,100.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Fiscal Indicators (Million Naira)															
Revenue	192,788.80	191,242.10	227,003.40	368,373.50	467,261.60	496,673.00	702,526.89	641,421.85	599,241.04	723,707.07	815,960.27	870,030.57	952,356.01	1,050,713.32	1,144,670.89
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	36,624.86	29,022.29	35,693.19	29,185.89	28,326.35	57,000.00	17,000.00	17,000.00	17,000.00	187,347.27	219,196.31	256,459.68	300,057.82	351,067.65	410,749.16
1.a. of which Net Statutory Allocation ('net' means of deductions)	19,172.00	10,893.00	18,303.20	9,382.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1.b. of which Deductions	17,453.00	18,129.00	17,390.00	19,803.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	104,592.78	76,569.40	88,721.81	189,484.00	137,761.78	217,370.80	138,804.50	128,072.80	128,072.80	140,880.10	154,968.10	170,464.90	187,511.40	206,262.50	226,888.80
3. Other FAAC transfers (exchange rate gain, augmentation, others)	9,784.23	15,471.08	15,430.50	86,221.90	175,904.98	48,500.00	209,135.80	202,135.80	202,135.80	203,146.50	204,162.20	205,183.00	206,208.90	207,239.90	208,276.10
4. VAT Allocation	10,332.91	12,986.65	19,656.44	22,571.97	32,900.85	36,000.00	57,000.00	57,000.00	57,000.00	76,792.34	89,847.04	105,121.03	122,991.61	143,900.18	168,363.21
5. IGR	14,808.23	12,496.03	18,594.56	18,392.42	27,197.49	23,869.10	39,000.00	39,000.00	39,000.00	44,000.00	49,000.00	54,000.00	59,000.00	64,000.00	69,000.00
6. Capital Receipts	16,645.30	44,697.00	48,906.90	22,517.80	65,170.10	113,933.10	241,586.59	198,213.25	156,032.44	71,540.86	98,786.63	78,801.96	76,586.28	78,243.09	61,393.62
6.a. Grants	0.00	2,850.00	2,181.60	7,752.04	4,670.10	16,700.00	39,400.00	16,700.00	17,700.00	19,700.00	21,700.00	23,700.00	25,700.00	27,700.00	29,700.00
6.b. Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.c. Other Non-Debt Creating Capital Receipts	14,285.86	25,000.00	26,000.00	14,765.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.d. Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	2,359.40	16,847.00	20,725.30	0.00	60,500.00	97,233.10	202,186.59	181,513.25	138,332.44	51,840.86	77,086.63	55,101.96	50,886.28	50,543.09	31,693.62
Expenditure	197,190.60	209,475.80	244,885.60	340,156.20	441,641.30	481,611.60	701,526.89	642,421.85	598,241.04	724,707.07	814,960.27	871,030.57	951,356.01	1,051,713.32	1,144,670.89
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	49,823.36	49,028.20	46,232.97	51,330.42	53,452.79	55,037.00	95,308.20	105,308.20	105,308.20	106,361.30	107,424.90	108,499.20	109,584.20	110,680.00	111,786.80
2. Overhead costs	42,542.86	48,770.01	42,539.37	59,879.52	80,112.10	112,060.50	97,901.70	97,901.70	97,902.20	112,587.50	129,475.60	148,896.90	171,231.40	196,916.10	226,453.50
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	18,155.20	17,324.30	13,512.60	18,737.10	18,702.10	10,069.70	38,185.79	46,066.57	104,561.26	138,149.09	135,806.21	119,818.92	119,262.50	113,735.71	92,676.18
3.a. of which Interest Payments (Public Debt Charges, excluding interests deducted from FAAC Allocation)	6,428.20	8,576.60	4,512.00	7,653.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.b. of which Interest deducted from FAAC Allocation	11,727.00	8,747.70	9,000.60	11,083.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	14,994.20	33,586.30	34,817.30	41,219.29	60,202.10	15,429.80	19,324.10	24,324.10	24,324.10	26,324.10	28,324.10	30,324.10	32,324.10	34,324.10	36,324.10
5. Capital Expenditure	42,159.18	38,095.73	79,434.16	139,913.62	169,214.10	265,007.10	426,065.20	342,992.60	243,992.60	280,591.50	322,680.20	371,082.20	426,744.50	490,756.20	564,369.60
6. Amortization (principal) payments	29,515.80	22,671.30	28,349.20	29,076.32	59,958.08	24,007.50	24,741.90	25,828.68	22,152.68	60,693.58	91,249.26	92,409.24	92,209.31	105,301.21	113,060.71
Budget Balance ('+' means surplus, '-' means deficit)	-4,401.80	-18,233.70	-17,882.20	28,217.30	25,620.30	15,061.40	1,000.00	-1,000.00	1,000.00	-1,000.00	1,000.00	-1,000.00	1,000.00	-1,000.00	0.00
Opening Cash and Bank Balance	-27,381.30	-31,783.10	-50,016.80	-67,899.00	-39,681.70	-14,061.40	1,000.00	2,000.00	1,000.00	2,000.00	1,000.00	2,000.00	1,000.00	2,000.00	1,000.00
Closing Cash and Bank Balance	-31,783.10	-50,016.80	-67,899.00	-39,681.70	-14,061.40	1,000.00	2,000.00	1,000.00	2,000.00	1,000.00	2,000.00	1,000.00	2,000.00	1,000.00	1,000.00

Financing Needs and Sources (Million Naira)

Financing Needs	97,233.10	202,186.59	181,513.25	138,332.44	51,840.86	77,086.63	55,101.96	50,886.28	50,543.09	31,693.62
i. Primary balance	-48,094.50	-138,258.90	-110,618.00	-10,618.50	146,001.81	150,968.84	156,126.21	161,585.53	167,493.83	174,043.27
ii. Debt service	34,077.20	62,927.69	71,895.25	126,713.94	198,842.67	227,055.47	212,228.17	211,471.81	219,036.92	205,736.89
Amortizations	24,007.50	24,741.90	25,828.68	22,152.68	60,693.58	91,249.26	92,409.24	92,209.31	105,301.21	113,060.71
Interests	10,069.70	38,185.79	46,066.57	104,561.26	138,149.09	135,806.21	119,818.92	119,262.50	113,735.71	92,676.18
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)	15,061.40	1,000.00	-1,000.00	1,000.00	-1,000.00	1,000.00	-1,000.00	1,000.00	-1,000.00	0.00
Financing Sources	97,233.10	202,186.59	181,513.25	138,332.44	51,840.86	77,086.63	55,101.96	50,886.28	50,543.09	31,693.62
i. Financing Sources Other than Borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings	97,233.10	202,186.59	181,513.25	138,332.44	51,840.86	77,086.63	55,101.96	50,886.28	50,543.09	31,693.62
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)	97,233.10	0.00	181,513.20	0.00	0.00	0.00	55,102.00	0.00	0.00	0.00

years)	State Bonds (maturity 1 to 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
longer)	State Bonds (maturity 6 years or	0.00	0.00	0.00	138,332.40	51,840.90	0.00	0.00	50,886.30	0.00	31,693.60				
	Other Domestic Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans (e.g., World Bank, African Development Bank)	External Financing - Concessional	0.00	202,186.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans	External Financing - Bilateral	0.00	0.00	0.00	0.00	0.00	77,086.60	0.00	0.00	50,543.10	0.00				
	Other External Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Residual Financing	0.00	-0.01	0.05	0.04	-0.04	0.03	-0.04	-0.02	-0.01	0.02				

Debt Stocks and Flows (Million Naira)

Debt (stock)	162,994.31	163,362.46	177,731.15	169,647.80	204,518.80	407,421.20	570,995.89	696,171.57	782,052.45	773,199.73	759,037.10	721,729.81	680,406.78	625,648.66	544,281.57
External	15,064.79	19,233.95	19,094.95	23,276.40	53,363.20	180,310.00	366,106.60	333,287.72	300,888.83	298,988.83	350,005.60	323,935.77	298,165.93	323,339.20	287,157.00
Domestic	147,929.52	144,128.51	158,636.20	146,371.40	151,155.60	227,111.20	204,889.29	362,883.85	481,163.62	474,210.90	409,031.50	397,794.05	382,240.85	302,509.46	257,124.58
Gross borrowing (flow)						97,233.10	202,186.59	181,513.25	138,332.44	51,840.86	77,086.63	55,101.96	50,886.28	50,543.09	31,693.62
External						0.00	202,186.60	0.00	0.00	0.00	77,086.60	0.00	0.00	50,543.10	0.00
Domestic						97,233.10	-0.01	181,513.25	138,332.44	51,840.86	0.03	55,101.96	50,886.28	-0.01	31,693.62
Amortizations (flow)	22,286.89	20,248.26	16,818.90	29,466.52	25,867.90	24,007.50	24,741.90	25,828.68	22,152.68	60,693.58	91,249.26	92,409.24	92,209.31	105,301.21	113,060.71
External	253.19	336.36	305.50	391.20	568.50	2,730.00	2,520.00	2,310.00	2,100.00	1,900.00	26,069.83	26,069.83	25,769.83	25,369.83	36,182.20
Domestic	22,033.70	19,911.90	16,512.40	29,075.32	25,299.40	21,277.50	22,221.90	23,518.68	20,052.68	58,793.58	65,179.43	66,339.41	66,439.47	79,931.38	76,878.50
Interests (flow)	18,256.11	17,476.69	13,634.81	18,715.95	13,011.90	10,069.70	38,185.79	46,066.57	104,561.26	138,149.09	135,806.21	119,818.92	119,262.50	113,735.71	92,676.18
External	101.28	152.89	122.60	130.40	189.50	520.00	480.00	9,706.89	8,824.44	8,824.44	8,824.44	11,375.28	10,171.79	9,168.30	10,591.96
Domestic	18,154.83	17,323.80	13,512.21	18,585.55	12,822.40	9,549.70	37,705.79	36,359.68	95,736.82	129,324.65	126,981.77	108,443.64	109,090.71	104,567.41	82,084.22
Net borrowing (gross borrowing minus amortizations)						73,225.60	177,444.69	155,684.57	116,179.76	-8,852.72	-14,162.63	-37,307.29	-41,323.03	-54,758.12	-81,367.09
External						-2,730.00	199,666.60	-2,310.00	-2,100.00	-1,900.00	51,016.77	-26,069.83	-25,769.83	25,173.27	-36,182.20
Domestic						75,955.60	-22,221.91	157,994.57	118,279.76	-6,952.72	-65,179.40	-11,237.45	-15,553.20	-79,931.39	-45,184.88

Debt and Debt-Service Indicators

Indicator1_baseline	Debt Stock as % of SGDP	4.27	4.70	4.48	3.72	3.88	6.54	7.92	8.49	8.57	7.62	6.72	5.74	4.87	4.02	3.15
Indicator2_baseline	Debt Stock as % of Revenue (including grants and excluding other capital receipts)	92.53	109.35	98.59	47.98	50.28	102.00	114.12	151.37	169.68	115.08	102.73	88.56	75.48	62.55	48.90
Indicator3_baseline	Debt Service as % of SGDP						0.55	0.87	0.88	1.39	1.96	2.01	1.69	1.51	1.41	1.19
Indicator4_baseline	Debt Service as % of Revenue (including grants and excluding other capital receipts)						8.53	12.58	15.63	27.49	29.60	30.73	26.04	23.46	21.90	18.49
Indicator5_baseline	Interest as % of SGDP						0.16	0.53	0.56	1.15	1.36	1.20	0.95	0.85	0.73	0.54
Indicator6_baseline	Interest as % of Revenue (including grants and excluding other capital receipts)						2.52	7.63	10.02	22.69	20.56	18.38	14.70	13.23	11.37	8.33
	Personnel Cost as % of Revenue (including grants and excluding other capital receipts)						13.78	19.05	22.90	22.85	15.83	14.54	13.31	12.16	11.07	10.04

Adverse Shock Scenario is defined by the worst performance indicator measured in year 2028

Indicator1_shock

For Debt Stock as % of SGDP the adverse shock is: Historical

Historical

6.54 7.62 9.21 11.82 14.11 12.45 -0.20 -38.74 -134.81 -353.29

Debt Stock as % of SGDP

Indicator2_shock

For Debt Stock as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue

Revenue

102.00 137.91 192.36 225.68 166.51 163.20 157.55 152.72 147.64 141.28

Debt Stock as % of Revenue (including grants and excluding other capital receipts)

Indicator3_shock

For Debt Service as % of SGDP the adverse shock is: Expenditure

Expenditure

0.55 0.87 0.94 1.50 2.10 2.19 2.41 2.20 2.05 1.88

Debt Service as % of SGDP

Indicator4_shock

For Debt Service as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue

Revenue

8.53 13.97 18.34 32.48 34.92 36.96 39.32 36.50 35.31 34.09

Debt Service as % of Revenue (including grants and excluding other capital receipts)

Indicator5_shock

For Interest as % of SGDP the adverse shock is: Historical

Historical

0.16 0.53 0.54 1.16 1.52 1.57 1.28 0.36 -2.38 -9.19

Interest as % of SGDP

Indicator6_shock

For Interest as % of Revenue (including grants and excluding other capital receipts) the adverse shock is: Revenue

Revenue

2.52 8.48 12.10 27.14 24.89 23.23 19.89 18.98 17.60 14.87

Interest as % of Revenue (including grants and excluding other capital receipts)

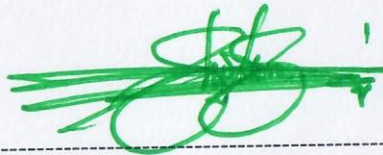
BAYELSA STATE TECHNICAL TEAM

1. Owoupele Daubri
2. Roland Sarah Oghe
3. Sikpi Loveday
4. Deborah Miedou
5. Torty Ibinabo Blackduke

Director, Bayelsa State DMD
Asst. Director, Budget, and Planning
Director, Final Accounts
Bayelsa State DMD
Bayelsa State DMD

LIST OF PARTICIPATING AGENCIES

1. Bayelsa State Debt Management Department
2. Board of Internal revenue
3. Ministry of Budget and Planning
4. Ministry of Finance
5. Office of the Accountant General



Signed: Honourable Commissioner for Finance

Bayelsa State Ministry of Finance

Name:

Maxwell Elabai

Date:

16/12/24



Signed: Accountant General

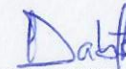
Bayelsa State

Name:

Wasi Tokom

Date:

16-12-2024



Signed: Bayelsa State Debt Management
Department

Name:

Owoupele Daubri

Date:

16-12-2024